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The COMMERCIAL & FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

Under more normal circumstances this is the season of the year when the investment banking firms and dealers, along with industry in general, takes time out from routine business for a checkup on inventory position.

This year firms are going through the motions, as usual, but finding the situation quite the reverse of what it has been in recent years.

Currently it is not inventories, but rather the decided lack of securities on their shelves which presents a problem for the investment fraternity.

For some months now, the Treasury has been more or less monopolizing the money market in fulfillment of its enormous task of financing the nation's war outlay.

A natural consequence of this condition has been that considerable in the way of potential corporate financing has had to be sidetracked in deference to the more important problem of war financing.

Dealers, and much the same the investment bankers, find themselves faced with a dearth of material when called upon by customers for possible opportunities.

There is a disposition to expect, now that the Treasury has set up a definite schedule of war financing activities, that things may open up somewhat in the corporate field after the turn of the year, but bankers recognize that nothing much can happen between now and the closing of the books at the year-end.

Great Northern Tenders

Although the road has not yet divulged any of the data on response to its call for tenders of

(Continued on page 2156)

HOW DID WE GET THIS WAY?

THE ANATOMY OF CAPITALISM

By H. B. LOOMIS and JOHN B. KNOX

of John B. Knox & Company

Editor's Note: New Deal program makers, now wearing postwar planning labels, continue as in the past to pore over their blue prints with their backs to the world of realities. Their products are every whit as dangerous as they ever were—perhaps more so since the war appears to have lent them additional psychological support.

The best way to combat such seductive proposals as those now appearing almost daily, perhaps the only effective way, is to turn the flood light of fundamental truths upon them.

It is with hope of doing its part in combating this menace that the "Chronicle" is presenting a series of articles, of which this is the sixth, which call the reader's attention pointedly to certain fundamentals often overlooked in this day and time. It can think of no better contribution to postwar planning.

Part VI

Men are not primarily rewarded for the expenditure of physical energy but for a varying degree of skill, intelligence, knowledge and wisdom. The individual who is competitive with animal or mechanical power is an anachronism in our civilization. Men without ideas, like men without tools, are of little value to themselves or anyone else.

The fatuous communistic credo, accepted by fellow-travellers who lack the intestinal fortitude to sail under the red flag although they wear its ideological livery and give it their pontifical blessing—"from all men according to their ability and to all men according to their need"—is not only silly, unmitigated nonsense, but utterly immoral and completely destructive. It is refined knavery; an opiate for the conscience. It is a social pathogene, a virus, for which common sense is the only antiseptic. It is the philosophy of a pirate, the justification of a thief, the antithesis of decency and an ignominious mode of thought by which the ideal of democracy is diluted and defiled. The basis of such a slogan is that the individual has a right to what he needs or desires and that this right is good against other men. There is not a grain of truth in its bushel of chaff.

This unctuous doctrine, which germinates in ignorance and greed, is advanced in complete disregard of the facts

(Continued on page 2156)

Maintaining Retail Prices Of Over-The-Counter Securities

Solution of Problem Calls For Cooperation Between Leaders in Auction and Over-the-Counter Markets

By WHITMAN C. HAFF

Never in the history of the over-the-counter securities markets has there ever been a strictly maintained retail market price for securities. Consequently, it has been possible for investors to buy over-the-counter securities at street (wholesale) prices plus a small commission. The securities business is the only one, so far as the writer of this article knows, where this situation prevails.

There probably is not a retail securities firm in the country that spends time and money in research work to make possible the offering of outstanding "buys" that has not time and again found that some sophisticated investors when approached on such situations would profess lack of interest and then turn around and buy the same stock or bond through some other firm at "street" prices plus a small commission.

In such instances, instead of recognizing the fact that they have really "pulled a fast one" by thus capitalizing on the time and money expended by the retail firm involved, such investors invariably take the attitude that they have just had one more indication of how firms in the securities business lack ethics by charging too much.

Thus the whole investment banking and brokerage fraternity suffers in repute simply because investors are given inside or "street" prices by brokers and charged a small commission for the execution of an order in the over-the-counter market when they should pay a retail price plus a commission.

Recognition should be given to the fact that retailing constitutes an integral part of the securities mechanism of the country just as does the auction or exchange markets. Nothing but good could be accomplished if the heads of the stock exchanges of the country and various associations were to endeavor to work out this and other problems that would tend to keep the investment banking and brokerage business healthy and encourage all factions to work together for their mutual benefit. This is just as essential as eliminating unethical practices in the business.

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Morris Lober Dies; Well-Known In Street

Morris Lober, senior partner in the New York Stock Exchange firm of Lober Brothers & Co., 30 Broad Street, New York City, died suddenly at his home in Scarsdale, N. Y. Mr. Lober was born in New York City and had lived in Scarsdale for 19 years. He was a member of the Jewish Community Center of White Plains.

Mr. Lober is survived by his wife, Alma Toch Lober; his children, Robert, James and Maxine Lober; by his brothers Max, Louis and Charles Lober, and two sisters, Lena Schrager and Minerva Caine.

W. Connaughton Is Now With Blyth Co.

Blyth & Co., Inc., 14 Wall Street, New York City, announce that W. G. Connaughton, formerly with Reynolds & Co., has become associated with it in its Sales Department. Mr. Connaughton began his investment career in 1919 with National City Co. and in 1926 formed the firm of W. G. Connaughton & Co., specialists in Westchester County bank stocks. He joined Graham, Parsons & Co. in 1935 and Reynolds & Co. four years later.

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Double-Barrelled Inflation Indicated?

*By W. W. PHILLIPS**

For the 22 weeks ended Dec. 2, Federal Reserve Banks increased their holdings of government obligations about 88%.

For the same period New York City banks increased their loans and investments about 18.6%.

Chicago banks increased their outstanding loans and investments about 22% during this 22 weeks.

All leading banks throughout the country increased their loans and investments about 18.5%

Money in circulation increased about 19.5% from July 1 to Dec. 2.

These figures seem to reflect a definite plan for financing the the huge deficit spending necessitated by the war.

That plan is approximately as follows: The Federal Reserve Banks have bought and will continue to buy government obligations in the amounts necessitated by the exigencies of the times. When the reserve banks buy government obligations they issue new and additional money in payment. This operation increases the money in circulation and tends to glut the banks with redundant cash. And this supply of idle cash, in turn enables commercial banks to buy government obligations without being compelled to "borrow to buy." Also the excess of cash tends to keep money rates low.

The plan is irresistibly logical under the circumstances. But it is also irresistibly inflationary.

Note that in the 22 weeks under review money in circulation has increased an average of about 1% a week. That increase may continue, or be accelerated, for the "duration" and for an appreciable period after the conflict ends. After the conflict ends because it is well known that elaborate spending plans for world rehabilitation are already planned.

It should also be noted that outstanding loans and investments of reporting banks show about the same rate of increase indicated by circulation—that is, an average of about 1% a week. With Federal spending mounting month by month and with the certainty that commercial banks must take a large part of the securities issued to finance the Federal deficit it seems highly improbable that expansion of bank credits will *average* less than 1% a week. More likely to exceed that amount.

Few people expect any let up in Federal spending in less than two years even if the war comes to an end in the not too distant future. If this is a fair guess, it does not seem fantastic to expect $30,000,000,000 money in circulation by the end of 1944. Bank resources—with the same percentage of gain—may reach $250,000,000,000.

Just how dangerous this double barrelled inflation would be remains to be seen. A few years ago it would have been regarded as alarming in the extreme.

---

*Mr. Phillips is associated with Jack M. Bass, & Co., 331 Union St., Nashville, Tenn.

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Bowen Heads Dept. At Mackubin, Legg & Co.

BALTIMORE, MD. — Albert M. Bowen — associated with Mackubin, Legg & Company in their Insurance Stocks Department—has just been named director of that Department. Mr. Bowen has spent his entire business life in the insurance business or research connected with insurance stocks.

Many years ago he became associated with the Fidelity and Deposit Company of Maryland in a clerical capacity. By successive steps, he was appointed general bookkeeper of the company, then assistant comptroller and finally comptroller and assistant treasurer. He resigned in 1913 to become vice-president of the American Indemnity Company of Baltimore and vice-president of the New Amsterdam Casualty Company of New York, both companies operating under the same management. He was a member of the Board of both companies, and also a member of the executive committee of the New Amsterdam Casualty Company.

He resigned from the New Amsterdam Casualty Company and became associated with Alfred M. Best Company, Inc., as editor of Best's Insurance Reports, casualty and miscellaneous edition. He was also the editor of Best's Insurance News, casualty edition. Later he established his own business and acted as intermediary in the purchase and sale of insurance companies, establishing values on such companies. He also furnished reports for a selected clientele, who were heavy investors in the stocks of fire, life and casualty insurance companies.

J. P. Morgan & Co. Elects 4 Directors

At a special meeting of the Board of Directors of J. P. Morgan & Co. Incorporated, New York City, held on Dec. 14, Alfred P Sloan, Jr., E. Tappan Stannard James L. Thomson, and John S. Zinsser were elected members of the Board.

Mr. Sloan is Chairman of the Board of the General Motors Corp.; Mr. Stannard, President of the Kennecott Copper Corp.; Mr Thomson, Chairman of the Finance Committee of the Hartford Fire Insurance Co., and Mr. Zinsser, President of Sharp & Dohme, Inc. of Philadelphia.

The addition of these four new directors brings the bank's board to 17 and marks the first time in the history of the corporation or its predecessor that the board has contained directors who were not directly connected with the bank.

In announcing the elections, George Whitney, President of J P. Morgan & Co. Incorporated said the move could be regarded as an additional step in broadening the character of the institution as a general commercial bank.

H. A. Gotschall To Be Prescott Partner

CLEVELAND, OHIO — Harvey A. Gotschall will become a partner in Prescott & Co., Guardian Building, members of the New York and Cleveland Stock Exchanges, as of Jan. 2. Mr. Gotschall has been associated with the firm and its predecessors for many years.

Attend Montreal Dinner

Herbert Hipkins and Gerard Burchard of the Canadian Securities department of Goodbody & Co., 115 Broadway, New York City, flew to Canada last weekend to attend the Montreal Traders' Dinner on Dec. 12.

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Brokers, Dealers Must Report On Condition

The Securities and Exchange Commission has announced that its new rule (X-17A-5) requiring brokers and dealers to file statements of financial condition with the Commission will become operative on Jan. 1.

The financial statement may be filed at any time during the calendar year beginning Jan. 1, provided it is received by the Commission not later than 45 days after the date of the report and provided that such statement is prepared in accordance with the provisions of the rule and the instructions contained in the form designed for the rule.

Toronto Bond Traders Elect New Officers

TORONTO, ONT., CANADA—At the annual meeting of the Toronto Bond Traders Association, the following officers and executive committee were elected for the 1942-1943 year:

President: James Wilson, A. E. Ames & Co., Ltd.

Vice-President: H. D. Beatty, Brawley, Cathers & Co., Ltd.

Secretary: L. M. Wightman, Fairclough & Company.

Executive Committee: D. K. Cassels, Cochran, Murray & Co., Ltd.; George Rose, Goulding, Rose & Co., Ltd.; W. E. Parker, Dominion Securities Corp., Ltd.; T. H. Baker, A. M. Ramsay & Co.; S. Cox, J. R. Meggeson & Co., Ltd.; and R. A. Webster, Royal Bank of Canada.

"Canada Pays"

Canada is paying from taxation and other current revenue over fifty per cent of all expenditures for her own direct war and non-war purposes and financing British war purchases in Canada, with the remainder being met through borrowing, with practically all longer term borrowing directly from the people and short term borrowing from the banks, according to a most interesting booklet issued by Wood, Gundy & Co., Inc., 14 Wall Street, New York City.

Copies of the interesting booklet, tabulating war and victory loans in Canada, Canada's financing from Sept. 1, 1939 to Oct. 31, 1942, and showing interest payments, Canadian stabilization of production and living costs, production of war materials, and number of men and women workers, may be had from Wood, Gundy & Co. upon request.

COMMERCIAL and FINANCIAL CHRONICLE
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Strassburger Co. To Merge With J. Barth

SAN FRANCISCO, CALIF.—The investment business of Strassburger & Co., founded in 1880, will be merged with that of J. Barth & Co., 482 California Street. John I. Dakin, member of the New York Stock Exchange, Hartwell Jordan, and W. P. Letchworth will become general partners in J. Barth & Co.; Stanley H. Sinton will be a limited partner. All were members of Strassburger & Co.

J. Barth & Co., members of the New York and San Francisco Stock Exchanges, was established in 1885.

N. Y. Dealers To Hold Anniversary Dinner

The 17th Anniversary Dinner of the New York Security Dealers Association will be held at the Waldorf Astoria on Thursday evening, Feb. 4, 1943. Tracy R. Engle of Engle Abbot & Co., Inc., 63 Wall Street, is Chairman of the Dinner Committee with John J. O'Kane Jr. of John J. O'Kane Jr. & Co., 42 Broadway, and J. F. Sammon of J. F. Sammon & Co., 2 Rector St., Vice-Chairman.

Walter Blaine To Be Goldman Sachs Partner

Walter F. Blaine will be admitted to partnership in Goldman, Sachs & Co., 30 Pine Street, New York City, members of the New York Stock Exchange. Mr. Blaine has been associated with the firm for many years as manager of the syndicate department.

Asiel To Admit Werner

Louis J. Werner will shortly be admitted to partnership in Asiel & Co., 11 Wall Street, New York City, members of the New York Stock Exchange. Mr. Werner will act as alternate on the floor of the Exchange for David S. Cooper.

DEALER BRIEFS

Cincinnati, Ohio

In addition to developing an interest in present Government bond offerings, we have found various spots who are interested in certain municipal bonds because of the tax exemption feature. Especially are we looking for West Virginia, Kentucky and Ohio municipal bonds regardless of the premium involved. There is an inclination to anticipate higher taxes on incomes in subsequent years and our clients are interested in placing a certain percentage of their funds in tax exempt municipals.—*Morris W. Berman, Wm. C. Seufferle & Co.*

With currency circulation amounting to over $14,000,000,000, compared to $9,000,000,000 at the top of the 1929 market, we believe good equity securities offer a most attractive medium for investment of idle funds; especially so with the Dow Jones averages at about 114 level. — *Norman S. Hill, Hill & Co.*

Dallas, Texas

There continues to be a spirited demand for Tax Exempt Municipals, but because of the Treasury's ruling governing amortization of premiums, we find customers are more timid about paying heavy premiums. There has also been more activity in stock buying, although we find few customers who want to do any "reaching" for stocks. Our main business continues to be in behalf of Uncle Sam on sale of Victory Fund Bonds.—*P. B. Garrett, Garrett and Company.*

Kansas City, Mo.

Currently almost all of the time of our organization is devoted to the Victory Fund drive. My personal time is virtually all taken up as Executive Manager for the Tenth Federal Reserve District. There is a strong demand from the investing public for higher-yield securities, and the present investment psychology leans toward speculation. — *Sigmund Stern, Stern Brothers & Company.*

Louisville, Ky.

Business has been rather slow with us due to the drive being made on Victory Bonds. Sales have been very gratifying in this district. We still feel very partial to Insurance Stocks and Bank Stocks, also Kentucky Utilities Company senior and junior preferreds. We are also recommending reorganization rail bonds for speculation and are finding a ready demand with our customers.

We feel that the market will turn around after the first of the year and are looking forward to a very good stock market.—*J. B. Reimer, V.-P., Berwyn T. Moore & Co.*

St. Louis, Mo.

On Nov. 30 dealers in the Eighth Federal Reserve District went all-out on the Victory Fund Campaign selling Government securities. Since their attention has been concentrated on this war effort the distribution of municipal securities has suffered. Prices on municipal bonds in the local market have remained firm and when the books are closed on the new Government securities the market for other securities should become more active with increasing demand for municipals. — *W. P. Sharpe, V.-P., Mercantile-Commerce Bank & Trust Co.*

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The National Refining Co.

Now feeling the results of its improvement and reorganization program begun four years ago, The National Refining Company will show much better earnings in 1942 than had been anticipated.

Net profits for the nine months ended Sept. 30, after allowance for taxes and other charges, were $812,304, equivalent to $13.08 per share on 62,091* shares of $6.00 cumulative Prior Preferred stock, and to 90¢ per share on Common. It is expected that fourth quarter earnings will at least maintain—and probably surpass—the rate of the first three quarters.

Company this year has declared total dividends of $8.50 per share on the Prior Preferred—of which $6.00 was the normal dividend and $2.50 on account of arrears. Accumulated dividends on the Prior Preferred now amount to $27.50 per share.

National Refining, well known in the middle-west, is a completely integrated company. It owns its own producing properties; drills its own wells; owns tank cars and pipe lines; refines, distributes, and retails its own products. Besides automobile fuels and lubricants, Company is a substantial producer of industrial lubricants, tractor and farm equipment fuels and lubricants, and high octane aviation gasoline.

The present National Refining Company was organized in Cleveland, Ohio, in 1906 as successor to the parent Company which began business in 1882. From 1908 through 1932, the Company paid $8.00 per share annually on its preferred stock without interruption. Large cash and stock dividends also were paid on the Common, and both issues were highly regarded. In 1933, however, the Company felt seriously the effects of the depression, and was obliged to cut its Preferred disbursement of $2.00. For several years dividends were sporadic, and in 1938 Company offered in lieu of Preferred arrears, a plan whereby holders of old 8% non-callable preferred received 1⅓ shares of Prior Preferred $6.00 Cumulative stock plus ¾ shares of Common. The Old Common was exchanged for New on a share-for-share basis.

In that same year, a program

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*Maximum number of shares which might ultimately be outstanding if all Old Preferred were converted.

(Continued on page 2151)

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ORLANDO, FLA.—J. Mark Wilcox, Jr., son of former Congressman Mark Wilcox, is associated with the United Securities Corporation, Florida Bank Building, as manager of that office. Mr. Wilcox is well known in Florida investment circles and was formerly examiner for the Florida Securities Commission. Prior thereto he was employed by the Federal government as at attorney in Washington and was connected with the Bureau of Internal Revenue in Miami.

Heilbron Opens Firm

SEATTLE, WASH.—Andrew S. Heilbron is resuming his securities business and will have offices located in the Lloyd Building. Mr. Heilbron conducted his own firm for many years in Seattle and recently was with John A. Kutz & Co.

Clark, Dodge To Admit

Clark, Dodge & Co., 61 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges, will admit Perry R. Pease to partnership in their firm on Jan. 1, 1943.

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Cruttenden To Admit John Dunbar, A. Godie

CHICAGO, ILL.—John B. Dunbar and Anthony L. Godie will become partners in Cruttenden & Co., 209 South La Salle Street, members of the New York and Chicago Stock Exchanges, on Dec. 23.

Mr. Dunbar, formerly vice-president and manager of the trading department of Thompson, Davis & Phipps, Inc., recently became associated with Cruttenden & Co.

To Admit Vincent Coleman

CHICAGO, ILL.—Vincent Coleman will become a partner in Farwell, Chapman & Co., 208 South La Salle Street, members of the New York and Chicago Stock Exchanges, on Jan. 1. Mr. Coleman has been associated with Farwell, Chapman & Co. for many years. In the past he was with Hornblower & Weeks.

To Be Cowen Partner

Peter E. Follar will become a partner in Cowen & Co., 54 Pine Street, New York City, members of the New York Stock Exchange, as of Jan. 2.

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Illustrated Analysis on request

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REAL ESTATE SECURITIES

IMPROVED REALTY CONDITIONS REACT TO BENEFIT OF BONDHOLDERS

A glance at some of the headlines in the Real Estate section of the New York "Herald Tribune" for Sunday, Dec. 13, 1942, gives encouraging news to property owners and the holders of bonds and mortgages secured by real estate. Some of the headlines follow:

"Big Property Deals Brighten Real Estate Market Horizon."

"Realty Field Called 'Best in 20 Years.'"

"Very Much Like Opening of Old Boom Period."

"Market Broadened by Small Investor."

"Steadily Widening Group Found Seeking A Safe Outlet for Idle Money."

"War Worker is Booming City's Hotels."

The Real Estate Board of New York reported 2,005 Manhattan properties were sold in the last ten months involving $115,000,000. Apartment properties, office buildings and hotels alike report increased occupancy levels. These conditions it would seem must react ultimately to the benefit of real estate security holders. It seems to follow that bonds and mortgages secured by real estate if carefully selected offer to the investing public an investment giving an attractive current yield and considerable appreciation possibilities above the present low levels at which they may be acquired.

As to the City's Hotels, a partial quote from an article in the New York "Herald Tribune" gives an insight into present conditions.

"Back of the buying activity among Manhattan hotels is an interesting angle, one which has developed since we have been in the war. New York is becoming a resort, a rest haven for those engaged in war-work centers, either behind highly polished desk tops or in front of smooth-running machines.

"Week ends find them pouring into New York from every section by train, airplane, bus and automobile to stay for a few days or for a long period. Hotel accommodations are being taxed beyond capacity by the flood of week enders with pockets well lined with money made in war factories. They want accommodations and are ready and willing to pay the price. Consequently hotel properties along the main stems of the city are being sought by individuals and syndicates."

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PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN.—**Frans A. Lundberg** has become associated with **Harris, Upham & Co.,** Northwestern Bank Building. Mr. Lundberg was previously with Piper, Jaffray & Hopwood, and prior thereto was with Wells-Dickey Co. and the First National Bank & Trust Co.

(Special to The Financial Chronicle)

PORTLAND, MAINE—**Bion R. White** has joined the staff of **Clifford J. Murphy Co.,** 176 Middle Street. Mr. White was previously connected with White & Company of Waterville, Maine.

Attractive Situation In National Refining Co.

Prior Preference $6 cumulative stock of National Refining Company offers a particularly attractive situation, according to an analysis just issued by Gillis-Russell & Co., Union Commerce Building, Cleveland, Ohio, members of the Cleveland Stock Exchange. The book value of the stock is $262 per share, the analysis states; underlying cash and Governments alone equal $34; stock earned $9.39 net after taxes in 1941; a payment of four dollars on the prior preferred on Dec. 10 leaves an arrearage of $27.50; would receive $105 plus arrears in liquidation; dividends are now being paid.

Copies of the analysis of National Refining, one of the oldest companies in the petroleum industry, giving full and interesting details, including a condensed balance sheet, may be had from Gillis, Russell & Co. upon request.

NY Security Analysts Meet

The New York Society of Security Analysts, Inc. will meet on Friday, Dec. 18, at 56 Broad Street, New York City. Leslie Shaw of Vilas & Hickey will discuss "1943 Railroad Outlook."

Can You Get 10% With Safety?

Here Is A 10-Year Experience That Says "Maybe" You Can

In the summer and fall of 1932 a certain dealer in the "Over-the-Counter" market prepared lists of low priced, high yield bonds and suggested them for purchase in diversified groups of five to ten bonds each, on the theory that the element of risk in a speculative bond could be lessened through proper diversification and a high investment return enjoyed with comparative safety. The accompanying tabulation shows how the plan has worked out.

It would be easy, of course, for anyone to take a current list of bonds, check back to see how they were quoted ten years ago and then prepare a very interesting picture of results. **This list, however, was not compiled in that manner.** It has been compiled from old lists actually published. It is not represented to be a complete list of over-the-counter bonds available in the low priced group at that time but it does cover those issues **most frequently recommended and most actively traded by the dealer who made the recommendation and bonds most likely to have been purchased by investors who acted on the advice.**

We also call attention to the fact that **mistakes** as well as the **successes** are included.

Values are figured on $1,000 denominations (without interest accrual) and are approximate as of the periods mentioned.

	1932	Today	Called, Paid or Exch'd
Advance Bag & Paper 1st 6s, 1952	$420	Called 1940	$1,030
Alabama Water Service 1st 5s, 1957	520	Called 1940	1,020
American States Pub. Ser. 1st 5½s, 1948	590	----	----
Reorganized 1937; holders received $538.55 cash, 22 shares pfd., 7 3/10ths shares com. to a total value of			877
American Water Works & Elec. Deb. 5s, 1975	460	$910	----
Arkansas, Missouri Power 1st 6s, 1953	400	----	----
Exchanged April, 1937, for $750 New 1st 5s, 5 shares pfd., 6 shares com., cash and scrip to a total value of			1,090
Associated Chain Store Rlty. 1st 5½s, 1957	310	700	----
*Associated Gas & Elec. Cons. Ref. 4½s, 1958	230	95	----
Associated Public Util. 1st Lien 5s, 1947	320	800	----
Canadian International Paper 1st 6s, 1949	440	945	----
Central Indiana Power 1st 6s, 1947	440	Called 1940	1,050
Central Power & Light 1st 5s, 1956	550	Called 1939	1,040
Central States Edison 1st 5½s, 1943	330	----	----
Exchanged April, 1935, for $500 New Coll. Tr. 5s and 50 shares stock, to a total value of			547
Central States & Elec. 1st Lien Coll. 5½s, 1946	310	1,005	----
Central West Pub. Serv. 1st Lien 5½s, 1956	340	----	----
Exchanged 1936 for $350 1st 5s, 6 shares pfd., 35 shares com., present value of			625
Chicago, Memphis & Gulf 1st 5s, 1940	360	350	----
Coupon rate reduced to 3% in 1940 and extended to 1962.			
Cities Service Deb. 5s, 1950	260	820	----
Cities Service Power & Light 1st 5½s, 1949	400	750	----
Community Water Ser. Deb. 6s, 1946	320	750	----
Cons. Cities Lt., Pr. & Tr. 1st 5s, 1962	400	975	----
Dallas Ry. & Term. 1st 6s, 1951	420	995	----
Derby Gas & Elec. 1st 5s, 1946	580	Called 1937	1,025
Dominion G. & E. Coll. 6½s, 1945	400	995	----
East Coast Utilities 1st 5½s, 1937	340	----	----
Exchanged Jan., 1934, for $1,000 1st 4s and 10 shares stock, value of			980
*Equitable Office Bldg. Deb. 5s, 1952	460	155	----
Federated Utilities 1st Lien 5½s, 1957	340	925	----
Florida Portland Cement 1st 5s, 1937	250	Paid	1,000
Florida Power Corp. 1st 5½s, 1956	570	Called 1937	1,040
Flour Mills of Amer. Conv. 6½s, 1946	530	430	----
*Forty Wall St. Bldg. 1st 6s, 1958	350	155	----
Graybar Bldg. 1st 5s, 1946	520	940	----
Greenwich Water & Gas Coll. 5s, 1952	500	Called 1939	1,030
Grocery Store Prod. Deb. 5s, 1944	300	----	----
Exchanged June, 1935, for $500 Coll. Lien 6s, plus 25 shares stock, value of			425
*Guardian Inv. Deb. 5s, 1948	260	160	----
Hearst Magazines Deb. 6s, 1938	580	Called	1,010
Illinois Pub. & Prtg. 6½s, 1950	540	1,017	----
Indiana Service 1st & Ref. 5s, 1950	440	800	----
International Salt Coll. 5s, 1951	575	Called 1939	1,050
Interstate Tel. 1st 5s, 1961	560	Called 1940	1,040
Iowa Pub. Serv. Deb. 5s, 1968	470	1,035	----
Jacksonville Gas 1st (now 3-5s), 1942	520	460	----
Kansas City Pub. Serv. 1st 6s, 1948	240	770	----
Exchanged 1937 for New 1st 4s, 1957.			
Manila Gas 1st Lien 5½s, 1937	390	Paid	1,000
Missouri Pub. Serv. 1st 5s, 1947	530	New bd. call. 1942	----
Exchanged June, 1936, for $700 1st 5s plus 10 shares stock, value of			745
National Gas & Elec. 1st 5½s, 1953	290	----	----
Exchanged April, 1935, for $500 1st Lien 5s and 55 shares stock, value of			665
Ohio Water Service 1st 5s, 1958	400	Called 1940	1,020
Pacific Northwest Pub. Ser. 6s, 1950	260	----	----
Exchanged 1934 for Portland Elec. Pr. Inc. 6s, value of			300
Peoples Lt. & Pr. 1st 5½s, 1941	480	----	----
Exchanged 1938 for $500 Texas Pub. Ser. 1st 5s (quoted 103½)		500	
Peoples L. & P. 3-6s (subsequently called) also stock scrip and cash. Total realization incl. present market value about			1,119
Power Gas & Water Coll. 5s, 1948	310	Called 1936	1,050
*Reynolds Inv. Deb. 5s, 1948	300	400	----
Sheridan Wyo. Coal 1st 6s, 1947	330	1,035	----
South Amer. Ry. Deb. 6s, 1933	250	Paid	1,000
Starrett Inv. Sec. 5s, 1950	220	----	----
Exchanged in 1936 for New Inc. 5s and 15 shares stock, value of			235
Textile Bldg. 1st 6s (now 3-5s), 1958	360	250	----
United Artists' Theatres 1st 6¼s (now 3-5s), 1948	280	530	----
United Public Util. 1st Lien 6s, 1947	230	----	----
Exchanged Dec., 1934, for $500 Coll. Tr. 6s, 10 Pfd., 10 Com. and scrip, value of			720
United States Trucking 1st 5½s, 1943	450	Called 1938	1,005
Virginia Pub. Ser. 1st 6s, 1952	600	Called 1942	1,025

*Defaulted issues.

Of the 57 bonds in the list, 15 were called before maturity and 3 paid at maturity.

Reorganizations total 11 and in every instance the new securities received in reorganization are now worth more than the original cost, in many instances much more. Only 5 defaults occurred where no reorganizations or interest resumption has been effected.

A $1,000 bond each of the 18 bonds called or paid would have cost approximately $8,285; total amount received $18.415. Gain $10,130.

Profit 125% or an annual average of 12½% which, of course, does not include the interest received during the interim from date of purchase to maturity or date called and that would have averaged over 10% annually.

A $1,000 bond each of the 11 subsequently reorganized would have cost approximately $3,970; subsequent value of realization $7,345. Gain $3,375.

Profit 85% or an annual average of 8½% without inclusion of

Nation's Investment Resources Adequate, If Inflation Does Not Skyrocket Costs

Analyzing the nation's investment resources and its capacity to absorb the securities being issued by the Government to finance the war, Jay N. Whipple of Chicago, President of the Investment Bankers Association of America, in an article in the December issue of the Association's magazine (made available Dec. 9) finds them "adequate," "if inflation of prices is not allowed to skyrocket the costs of the war."

As one indication of the untapped bond buying power, Mr. Whipple, who is a partner of the Chicago investment house of Bacon, Whipple & Co. and Chairman of the Victory Fund Committee for the Chicago metropolitan area, called attention to the record level of bank balances of individuals, partnerships and corporations. It is pointed out that depositors of this type to whom investment bankers are directing their main sales effort in the present $9,000,000,000 Victory Loan Drive, have current balances in excess of $65,000,000,000, as against $34,000,000,000 at the low point of the depression in 1933, and only $50,000,000,000 at the previous peak in 1929.

Jay N. Whipple

"It is obvious from these figures," Mr. Whipple said, "that many have money in the bank over and above any reasonable reserve needs. It is part of our job to induce them to put all in excess of minimum current balance requirements into Victory Loan securities."

Government figures on the recent record rate of savings by individuals were cited as another clue as to who can buy more bonds. Total income of individuals has been running almost $4,000,000,000 a month in excess of all living costs, a recent study disclosed, and most of it is being held in currency or in checking accounts. This accumulation of idle money it is contended, has gone on steadily for some time and at a swiftly accelerated rate recently, and it is felt that the tendency will be accentuated as installment purchases are eliminated, old debts are paid off, and new durable goods disappear completely from the market. "Such large surpluses in currency and in checking accounts obviously constitute the most unstable element in our financial situation and the greatest inflationary threat," Mr. Whipple stated. He added: "Converting these excess accumulations of cash and these idle balances into government securities is the first objective of the Victory Loan Drive."

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La France Industries 2nd 4s @ 55
Okla. City-Ada-Atoka Rwy. 1st Mtg. Income 6s @ 43
Rochester Ice & Cold Storage 1st Mtg. 5s @ 55
Southwest Penna. Gas 1st Mtg. 5s @ 38
Westinghouse Bldg. 1st Mtg. 4-6s @ 34

Analyses Available On Request

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War Needs To Take Fourth Of Food Output

Secretary of Agriculture Wickard on Dec. 3 estimated that at least 25% of the total 1943 American food output would go to meet military and lend-lease needs, compared with about 13% of the 1942 yield.

Speaking before a regional farm production goals conference in Chicago, the Secretary said that "our task grows larger month by month," recalling that only a month ago the Agriculture Department figured war needs would take only 20% of the 1943 production.

Mr. Wickard is said to have described as "superb" the farmers' 1942 performance in which "they smashed all previous records for total production" but said "an even tougher job" confronted them in 1943. The Secretary added:

"We can't produce too much of the needed farm products next year. We can't produce enough of some. For example, our fighting forces, our allies, and our own people would like to have 18,000,000,000 pounds more milk than we have scheduled in the 1943 goals. But it can't be produced. There are not enough cows on hand, even though the nation's dairy cow population is the largest on record.

"We will not have all the labor and machinery and supplies needed to produce enough to supply completely all needs for some other products. We must put first things first. We must convert completely to a war basis. This means cutting down on the less essential lines of production. It means raising output in the more essential lines."

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interest received before and after reorganization, which would add at least 10% annually.

A $1,000 bond each of the remaining 28 which have not been called, paid or reorganized (including the 5 still in default) would have cost approximately $10,570; present market value $19,152. Gain $8,582.

Profit 80%, annual average 8%. Annual income (not including interest on the 5 defaults even though they did pay a part of the time) $1,185 or over 11% on original cost. The profit amortized over the 10 year period plus the interest yield would total nearly 20%.

Low priced high yield bonds are not as plentiful today as they were 10 years ago and the general price average is considerably higher but the discriminating investor can still acquire a diversified list to yield as much as 10% with reasonable safety for his principal.

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RAILROAD SECURITIES

Almost two years after starting operations, the reorganized Chicago & Eastern Illinois is to pay a dividend on its Class "A" stock. The stock, which has a par value of $40.00 a share, is entitled to preferential dividends at the rate of $2.00 a share, but the dividend is cumulative only to the extent earned. The dividend of $0.59 a share declared late last week represents the full earnings for the year 1941 and the first earnings realized on the new stock since the effective date of the plan, Jan. 1, 1937. This year the company is expected to report earnings of about $3.00 a share on the senior equity so that payment of the full $2.00 may be expected next year.

The indicated desire of the management to pass along to the stockholders the utmost that is called for in the way of dividends is refreshing when contrasted with the more or less dilatory dividend attitude of directors in some other reorganization properties. Nevertheless, even with this prospect of a dividend of $2.00 a share next year, and similar disbursements so long as the war boom in earnings continues, many rail men are pointing out that the stock appears unattractive in relation to the Erie certificates of beneficial interest. Allowing for the dividend just declared on the Chicago & Eastern Illinois Class "A" stock, the two securities are selling at the same level at the time of this writing.

It is true that the Eastern Illinois "A" stock is cumulative, but this is only to the extent earned and on the basis of past history this would not appear as a very potent consideration. Based on its revised capitalization, Chicago & Eastern Illinois would have reported earnings available for the "A" stock in only two years of the ten years 1932 to 1941, inclusive. In 1936 the indicated earnings would have been in the neighborhood of $0.15 and in 1941 they amounted to $0.59 a share. The record is certainly not encouraging, and there is nothing now visible that would lead to optimism as to a permanent sharp improvement in the road's traffic status.

Bituminous coal is still the most important single traffic item and it is believed that the long-term deterioration in this item is a permanent consideration. The road has suffered from competition from Pocahontas coal, and a number of former railroad customers have acquired their own coal supplies. Highway and pipe line competition have also been important factors in Eastern Illinois' poorer-than-average performance over a period of years and these have not been alleviated permanently, although the highway competition is naturally being eased temporarily by war considerations.

In contrast with the drab performance of Chicago & Eastern Illinois, Erie has consistently shown an ability better to maintain former revenue levels than have the roads in the Great Lakes region as a whole. In most years Erie has done better than Class I carriers as a group. This despite the fact that Erie has always had a heavy stake in the movement of anthracite coal which has been very hard hit by the inroads of competitive fuels. Other traffic items have held up particularly well and it is indicated that the erosion of anthracite has at least been stopped, and may even be reversed.

Many consumers in the East are being forced by the exigencies of war to convert from oil to coal and many will not convert back after the war is over. Automatic stokers have eliminated most of the undesirable features of heating by coal. With respect to other traffic the road is very well situated, particularly for the movement of fast through east-west freight. The New York-Chicago route avoids large intermediate centers so that the road is not handicapped by the expense and delays incident to operating in congested terminal areas. Another factor making for economical operations is that Erie is not burdened with any considerable amount of low density branch and feeder mileage which is the most vulnerable to highway competition.

With this background it is expected that Erie will more than hold its own in the post-war years as it did in the pre-war decade. Thus, under normal conditions, the road should be able to show consistent earning power on its common stock and certificates of beneficial interest. It is notable that in seven of the ten years, 1932-1941, inclusive, there would have been earnings available for the junior equity. Last year the earnings amounted to about $3.00, compared with merely $0.59 on the Chicago & Eastern Illinois "A" stock and it is estimated that 1942 results will run in excess of $5.00 a share. Only $1.00 a share has been declared this year (out of 1941 earnings) but a more liberal policy is expected in the coming year.

We recommend dealers' consideration, at this time, of all issues of

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Will Rails Rally?

With institutional liquidation for tax purposes this year likely to be relatively small, the railroad bond market now is either at, or close to, its seasonal low, and purchases of selected speculative and defaulted railroad bonds are justified in anticipation of the usual year-end rally, according to a most interesting bulletin issued by Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of the bulletin, giving further details, may be had from Paine, Webber Jackson & Curtis upon request.

Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1. 1939, to date: high—44; low—14¾; Dec. 16 price—41½.

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Bank and Insurance Stocks

This Week — Bank Stocks

By H. A. LEGGETT

There are two subjects about which people have always made a heap of conversation but have never succeeded in influencing very much. One is the weather; and the other is the way in which banking institutions report their earnings. As far as the weather is concerned, the less said, the better in view of war-time restrictions on weather reports and the fuel shortages which have developed. This leaves the field pretty well open to those who would like to see the banks publish regular earnings reports like other corporations—and they are making the most of it.

The matter has already received official recognition by the New York State Bankers Association, which recently distributed to the State's 718 commercial and industrial banks a standard form for reporting annual earnings to stockholders. This form is the result of studies carried on for some time by various banking groups and was adopted after consultation with the Bank Management Commission of the American Bankers Association. It suggests, as a minimum criterion, the reporting of income figures on loans and investments and from other current operations and, on the expense side, data on interest paid, salaries and wages, and other operating expenses.

Inasmuch as the operating earnings of most banks, arrived at by deducting operating expenses from operating income, bear little resemblance to the net change in surplus and undivided profits, provision has been made for a reconciliation between the two. This is perhaps the most important feature of the suggested form because it is in the handling of contingency reserves, amortization, recoveries and charge-offs that the greatest divergence occurs in bank bookkeeping. For the most part, bank stockholders and analysts have heretofore been obliged to struggle along with a minimum of information on these points.

It so happens that, voluntarily and individually, some of the more progressive banks have already adopted the practice of reporting results of their operations in considerable detail. Several of them have been doing this for a number of years and recently more and more of the larger institutions have joined the procession. Some of the operating statements, in fact, give even more information than would be available on the "standard" form suggested by the New York State Bankers Association.

In any event, both the banks and the banking associations are on the right trail and headed in the right direction. The evolution, as is characteristic of the banking business, has been and possibly may continue to be slow. However, the world is moving much more rapidly than it used to and bankers, it is significant to note, are learning to move just as fast and just as effectively as the next fellow. On the other hand, the country cannot afford to have its bankers become too "progressive" because they must be depended upon, in large degree, to act as an antidote for every species of social and economic iconoclasm. We still need, and possibly more than ever, some important group or element which can say "no"—and no one can say "no" quite as emphatically and conclusively as a banker.

There have been many reasons, of course, why banks have not been moved or compelled to publish more complete operating statements. Some of the reasons have been good, some not so good. In the first place, banks have long been subject to close government and state supervision. Their position as custodians of public funds and as underwriters of government financing has set them considerably apart from other businesses. Therefore, it has never been regarded as necessary, or perhaps even advisable, for them to make public their results in too minute detail. Some schools of thought have held that the public might not understand, and might react unfavorably, when a bank or banks reported "losses" in a public statement. This has probably been a fallacy because, like other items of bad news, such matters can usually be handled best by full explanation and education.

It is to be hoped that full operating disclosure will soon be standard practice for all the banks of the country or, at least, that many more will adopt this procedure. Such a course would act both as a brake and as a spur to the bankers themselves and would enable stockholders to supervise their investments more confidently and intelligently.

MacKenzie Returns To Cleveland Reserve Bank

Kenneth H. MacKenzie, formerly Assistant Vice-President of Federal Reserve Bank of Cleveland, who had been loaned to the War Production Board as statistician for the Cleveland regional office since Aug. 1, 1942, has been appointed Vice-President of the bank, and will assume his duties at that institution, it was announced Nov. 23 by M. J. Fleming, President of the bank.

Mr. MacKenzie entered the employ of the bank on Dec. 27, 1926, in the statistical department. For a number of years he has been in active charge of statistical work in the bank, including the preparation of the "Monthly Business Review," a publication dealing with business and financial conditions in the Fourth Federal Reserve District. He will continue his association with the War Production Board's regional office statistical development in a supervisory capacity as a "$1-a-year" man.

Tomorrow's Markets Walter Whyte Says—

Tax selling about over; mass opinion veers to "seasonal" upswing theory. Don't believe rally will carry much above recent highs or go below recent lows.

By WALTER WHYTE

Up to the time this is written nothing of spectacular importance has occurred. At least the market doesn't think so. It is still on an even keel, though there were days last week when the stability of the market was threatened.

* * *

On the home front the spotlight is aimed at the departure of the 77th Congress, in continuous session for two years with the exception of a few days' recess between sessions. At least it was theoretically in session. For there were weeks when neither House could raise a quorum if it's life depended on it. Members drawing salaries for being on the job were either gallivanting around the country mending political fences or simply stayed away because they didn't want to appear on record for or against certain pieces of legislation. The only accomplishments the 77th Congress will go down in history for are its declaration of war against the Axis and its imposition of the highest taxes in the country's history.

* * *

The incoming Congress which convenes Jan. 6 will have its job cut out for it. It is hoped it will spend less time talking about things and more time seeing that they're done.

* * *

As 1942 draws to a close it finds the market flirting with its recent highs but leaves the question of "what now?" still unanswered. If forecasting the price trend depended entirely on market action it would be a comparatively simple matter. All one would have to do is to sit down, pore over past market performances, draw some pretty lines, then go to the broker and say "Gimme 100 shares of that and 100 shares of this." Then sit back and wait for the profits to roll in. Unfortunately things never work out that way. For even if everything was as Mr. Harding once defined as "normalcy" the question of what stock or stocks to buy would still have to be solved. But today there are other things that enter into calculations.

All of these can be summed up in the word "war." And

(Continued on page 2155)

DIVIDEND NOTICES

ACF

AMERICAN CAR AND FOUNDRY
COMPANY
30 CHURCH STREET
NEW YORK, N. Y.

There has been declared, out of the earnings of the fiscal year now current, a dividend of one and three-quarters per cent (1¾%) on the preferred capital stock of this Company, payable December 31, 1942 to the holders of record of said stock at the close of business December 22, 1942.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, *President*
HOWARD C. WICK, *Secretary*

December 11, 1942

American Manufacturing Company
NOBLE AND WEST STREETS
BROOKLYN, NEW YORK

The stock record books of the American Manufacturing Company will be closed for the purpose of transfer of stock on December 19th, 1942 until January 2nd, 1943. Directors' meeting will be held on Friday, December 18th, 1942.

ROBERT B. BROWN, *Treasurer.*

Dividend Notice of
THE ARUNDEL CORPORATION,
Baltimore, Md.

December 15, 1942.

The Board of Directors of the Arundel Corporation has this day declared 25 cents per share as the regular quarterly dividend and 50 cents per share as an extra dividend on the no par value stock of the corporation issued and outstanding, payable on and after December 28, 1942, to the stockholders of record on the corporation's books at the close of business December 18, 1942.

JOSEPH N. SEIFERT, Secretary.

THE GARLOCK
PACKING COMPANY
December 15, 1942
COMMON DIVIDEND No. 266

At a regular meeting of the Board of Directors, held in Palmyra, N. Y., this day, a dividend of 75¢ per share was declared on the common stock of the Company, payable December 28, 1942, to stockholders of record at the close of business December 19, 1942.

R. M. WAPLES, *Secretary*

National Power & Light Company
$6 PREFERRED STOCK DIVIDEND

The regular quarterly dividend of $1.50 per share on the $6 Preferred Stock of National Power & Light Company has been declared for payment February 1, 1943, to holders of record at the close of business January 15, 1943.

ALEXANDER SIMPSON, Treasurer

UNITED FRUIT COMPANY
DIVIDEND NO. 174

A dividend of seventy-five cents per share on the capital stock of this Company has been declared payable January 15, 1943 to stockholders of record at the close of business December 24, 1942.

LIONEL W. UDELL, *Treasurer.*

DIVIDEND NOTICES

THE NEW YORK TRUST COMPANY
100 Broadway

The Board of Trustees has this day declared a quarterly dividend of 3½% ($0.87½ per share) on the Capital Stock of the Company, payable January 2, 1943, to stockholders of record at the close of business on December 19, 1942. The transfer books will not close.

HARRY F. LITTLEJOHN,
Secretary.

New York, December 15, 1942.

United Shoe Machinery Corporation

The Directors of this Corporation have declared a dividend of 37½c per share on the Preferred capital stock. They have also declared a dividend of 62½c per share on the Common capital stock. The dividends on both Preferred and Common stock are payable January 5, 1943, to stockholders of record at the close of business December 15, 1942.

WALLACE M. KEMP, *Treasurer.*

Market Comment

The incentive for a resumption of vigorous constructive activities has yet to materialize. Whether such stimulus will come from a substantial improvement in the character of war advices or whether some domestic event may be reinaugurate the rise cannot yet be determined. The precedent of a year-end rise is sufficiently strong to warrant its anticipation again this year. It would therefore seem that any dips that may occur prior to its inception will find the bulk of stocks well taken and the market internal position gradually strengthened for this late-December swing forward.

It is doubtful that many security operations are now being influenced by thoughts of next year's tax bill or by liquidation to secure funds for income tax payments next March. These factors will doubtless have to be contended with in the early months of 1943 but they should not prove difficult obstacles if other pertinent news and corporate developments are generally favorable. One offset may be the publication of some truly excellent earnings reports for the current quarter and for the entire year. Assuming such earnings and indications permit one to anticipate reasonably satisfactory dividends, another sustaining feature will be available.—*J. S. Bache & Co.*

NSTA Service Flag

The following are members of the Twin City Bond Traders Club who are now serving in the armed forces. The Twin City Club is an affiliate of the National Security Traders Association.

William T. Howard, formerly with J. M. Dain & Co., Minneapolis.

Arthur H. Rand, Jr., formerly with Woodard-Elwood & Co., Minneapolis.

William E. Ritt, formerly with Park-Shaughnessy & Co., St. Paul.

CONTINENTAL BAKING COMPANY

Preferred Dividend No. 16

The Board of Directors has declared this day a regular quarterly dividend of two dollars ($2.00) per share on the outstanding Preferred Stock, payable January 1, 1943 to stockholders of record at the close of business on December 18, 1942.

Common Dividend No. 1

The Board of Directors has declared this day a dividend of fifty cents (50¢) per share on the outstanding *new* Common Stock, payable January 23, 1943 to holders of record of such stock at the close of business on January 8, 1943.

To facilitate the prompt payment of the Common dividend, those stockholders, who still retain certificates for the old Class A and Class B Common Stocks, should present the same, promptly, to the transfer agent, The Corporation Trust Company, 120 Broadway, New York, N. Y., for exchange into full share or scrip certificates for the new Common Stock. This dividend will not be disbursed with respect to scrip certificates of the Company dated July 15, 1941, presently issued or to be outstanding, except in accordance with the terms and conditions set forth on the face thereof.

The stock transfer books will not be closed.

IT'S SLO-BAKED
WONDER
BREAD
HOSTESS
CAKE

BRAYTON CAMPBELL
TREASURER

December 9, 1942

The Securities Salesman's Corner

You are entitled to a "profit"—why hide the fact?

There are two ways to "sell securities to your customers." There is a right way and a wrong way. The amount of profit that you make on the individual transaction is closely tied into the whole picture. One method leads to success, a satisfied clientele, and a clear conscience which is based upon the realization that you have treated your client fairly. The other leads down a blind alley, contains no constructive plan upon which you can build a business, and eventually leads to criticism by all four segments of the public who are fundamentally affected by every business transaction—your customer, the general public, the rest of the securities industry, and yourself (as dealer or salesman).

The dealer or salesman who has no "plan," who follows no program for developing customers; for selling them securities that fit their requirements, who only works when he needs a "commission," is the fellow who nine times out of ten, is subjected to criticism for ejecting abnormal and excessive profit margins from a few isolated securities buyers. He is the fellow who, to be frank about it, is usually so much in need of "funds" that in a sort of desperation he goes out and finds a customer to whom he can sell something, or anything, and when he does, his first interest is by necessity the filling of his own depleted pocketbook. Unfortunately, these individuals exist in every line of business—the securities business today, however, is singularly free of this type of operator—although we do have a few such dealers and salesmen who somehow continue to stay in business.

Then there is the successful dealer who not only maintains a solvent business, charges a profit in keeping with sound merchandising policy **And Actually Uses This Program As A Selling Argument Upon Which To Build His Business.** It is one of the best selling arguments a salesman can use **To Build A Clientele.** The reason is fundamental: (1) because you appeal to the customers' "self interest"; (2) because such an approach is sincere, justifiable and honest.

Assume that you have met a buyer of general market securities. He owns listed and unlisted investments—or for that matter only listed items. You wish to sell him a particular stock or bond as a dealer or "principal for your own account." First you explain that you have something more to offer him than just another stock or bond. You must gain his confidence in your integrity and your ability to do a better job for him on the particular items you sell him than he might otherwise be able to do for himself. There are so many ways to do this. All of them are tied into one major premise—**Real Belief And Faith Iu Your Own Integrity And Ability To Do This Very Thing.** If you have this faith you will convey it to your prospect. He will sense by the things you say (not as a salesman who talks for effect) but because you "know" that if he buys certain securities from you that his general average in the longer run will be satisfactory.

During your talk you can and should bring out the fact that you are making a profit. But do this at the right time. Tell him you know that as a business man he will understand that in order for you to make your business pay its way that you are entitled to a fair profit. He will agree—if he is the right kind of an individual that you would want for a customer. Those who are not willing to concede this fundamental fact which is involved in every business relationship are not worth "sales effort." There are the "wrong kind" of people buying securities as well as selling them.

We know of a salesman who has a client who has bought and sold seventeen different assorted over-the-counter items during the past twelve months. The record shows an amazing record of performance—sixteen trades and sixteen profits—one small loss—total percentage gain over 60% on the entire account for the year. This customer originally said, "I don't buy anything but listed securities." Today he buys both and you can imagine who gets his business **And He Is Glad To Pay This Salesman Several Points Over The Market Even On His Listed Investments. Nor Does He Ever Argue About Price Or Check Inside Bid And Ask Prices.**

He was sold the idea that this securities man could help him. that it would **Cost Him Money**, and he is a satisfied customer. As Hi' Phillips, in the N. Y. "Sun" would say, "Wanna Bet!" What do you think?

The National Refining Co.

(Continued from page 2147)

was launched to eliminate unprofitable departments, cut out waste and inefficiency, increase sales, and generally renovize physical property and personnel. In the ensuing three years, approximately $3,000,000 was spent for improvements, while at the same time many obsolete and unwieldy units were eliminated and a new marketing technique was instigated. First practical results of these efforts were indicated in the 1941 net earnings of $9.39 per share on the Prior Preferred.

There have been two important developments in 1942. First, was the election to the Presidency of Mr. Kenneth R. Proctor, who had entered the sales department of the Company in 1922 and steadily won his way to the top by virtue of his sound marketing policies. Second, was the Company's recent call for tenders of Prior Preferred stock to exhaust approximately $250,000, which had been accumulated by sale of obsolete and non-essential capital assets. A total of 4,878 shares were thus retired at an average cost of $51.60 per share, resulting in an ultimate potential saving to the Company of more than $400,000 in principal, as well as nearly $30,000 per year in interest.

At Dec. 31, 1941, the balance sheet showed Cash on Hand and U. S. Treasury obligations of more than $2,256,000, net working capital was nearly $7,000,000, and book value exceeded $260 per shares of Prior Preferred.

The Company's sound financial condition and aggressive policies indicate a continuation of this year's good earnings. Its stockholders also may feel some measure of assurance in the fact that National Refining's substantial ownership of oil lands, producing properties, bulk plants and retail station sites represents a fairly acceptable hedge against inflation.

To Be Baker Weeks Partner

Schroeder Boulton will be admitted on Dec. 31 to partnership in Baker, Weeks & Harden, 52 Wall Street, New York City, members of the New York Stock Exchange and other leading national Exchanges.

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF
NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000

Aggregate Assets 30th Sept., 1941 £150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK
of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL . £3,000,000
RESERVE FUND £3,000,000

LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

Result Of Treasury Bill Offering

Secretary of Treasury Morgenthau announced on Dec. 14 that the tenders for $600,000,000 of 91-day Treasury bills to be dated Dec. 16, 1942, and to mature March 17, 1943, which were offered on Dec. 11, were opened at the Federal Reserve banks on Dec. 14.

Details of this issue are as follows:

Total applied for, $1,293,757,000.

Total accepted, $600,722,000.

Range of accepted bids (excepting two tenders totaling $60,000):

High, 99.926; equivalent rate of discount approximately 0.293% per annum.

Low, 99.907; equivalent rate of discount approximately 0.368% per annum.

Average price, 99.908; equivalent rate of discount approximately 0.364% per annum.

(35% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Dec. 16 in amount of $402,059,000.

This week's offering of bills was raised from $500,000,000 to $600,000,000 in view of the increase in maturing issues from $350,000,000 to $400,000,000 weekly. However, the Treasury will realize an increase to $200,000,000 in "new money" as against $150,000,000 in recent weeks.

BOND SERIES
INCOME SERIES
NATIONAL
SECURITIES SERIES
LOW-PRICED BOND SERIES
PREFERRED STOCK SERIES
LOW-PRICED COMMON STOCK SERIES
INTERNATIONAL SERIES
FIRST MUTUAL TRUST FUND
Prospectuses upon request
NATIONAL SECURITIES & RESEARCH CORPORATION
120 Broadway, New York

Investment Trusts

DIVIDEND POLICY

Editor's Note—There are almost as many different dividend policies in the investment company field as there are individual companies. On this point few managements see completely eye to eye.

The George Putnam Fund recently announced a new dividend policy. Henceforth quarterly distributions will be made at a "reasonably dependable" annual rate whether they are earned or not. In the event that current earnings are not sufficient to cover the distributions the difference will be paid from capital surplus. Subject to changed conditions, future cash dividends will approximate the 1942 payment of 65 cents per share, or roughly 5% on the average price paid by investors for the present outstanding shares. "We believe," said the trustees, "that over any reasonable period the amounts paid from capital will be more than made up by realized profits and the improvement in the value of the portfolio."

One of the beneficiaries of the Fund wrote a letter to the trustees objecting to the new dividend policy. Mr. George Putnam replied at length. Because of the background material contained in his reply and the frank discussion of problems vital to the investment trust field, this column is pleased to publish Mr. Putnam's letter.

"Dec. 8, 1942.

"Dear Mr. ____________:

"I have received your letter of Dec. 4 and I really appreciate your frankness in setting forth your objections to the Fund's future dividend policy. Matters of this kind are very important to our beneficiaries and they should take an active interest in them.

"Before attempting to answer your objections to the new policy I want to tell you some of the reasons for its adoption from the management's standpoint.

"At the present time the Fund has over 2700 beneficiaries and that number is increasing steadily. Most of our beneficiaries are individuals of moderate means although there are a number of quite substantial holdings by individuals and also by charitable and fraternal organizations. The point I wish to emphasize is this—that to most of our people current income is important. They need a good income and a reasonably dependable one such as many of them have been receiving for years on their holdings of American Telephone.

"And now I wish to direct your attention to another problem that arises from the fact that shares in this Fund are being constantly offered and sold to investors—just the same way that your company is selling insurance every day. It is a hard but undeniable fact that a good investment, just like insurance, must be sold to people. It doesn't sell itself; it must be merchandised in a highly competitive market.

"In the late twenties and early thirties people were appreciation conscious. This created a pressure upon managements to produce stock market appreciation and led to a race between managements to try to 'beat the averages.' The results were all but disastrous to the investor. In recent years investors have grown increasingly income conscious. Now managements are under pressure to produce large income and pay large dividends even in the face of record low interest rates. To the extent that this pressure leads to unsound investment practices, it will harm the investor rather than help him. It's the same sort of thing that would happen if you had to sell insurance on a highly competitive rate basis, and actually did happen I believe in the early days of your industry. When we started this Fund five years ago we set out to give people an all-round, all-weather investment. We adopted a policy of balanced investing as our basic investment philosophy and thereby we got away from the stock market and from the old management pressure to 'beat the Dow-Jones Averages.'

"Our recent change in dividend policy is designed to reduce the income pressure on the management. We want to be free to invest the money turned over to

(Continued on page 2153)

WELLINGTON
WF FUND

Prospectus of this Mutual Investment Fund Available through your Investment Dealer or from

W. L. MORGAN & CO.
Packard Bldg., Philadelphia

Keystone
Custodian Funds

BONDS
Business Men's Investment Bond Fund . . . B1
Medium Priced Bond Fund B2
Low Priced Bond Fund B3
Speculative Bond Fund B4

PREFERRED STOCKS
Income Preferred Stock Fund K1
Appreciation Preferred Stock Fund K2

COMMON STOCKS
Quality Common Stock Fund S1
Income Common Stock Fund S2
Appreciation Common Stock Fund S3
Low Priced Common Stock Fund S4

Prospectus may be obtained from your dealer or from

THE KEYSTONE CORP. OF BOSTON
50 CONGRESS STREET, BOSTON

Municipal News & Notes

For the first time in seven years the average tax rates in American cities with populations between 30,000 and 500,000 showed a decrease in 1942, the National Municipal League reported Dec. 9.

The small decrease—averaging 5 cents per $1,000 of assessed value—was accompanied by a 1.5% increase in assessed value.

The league's annual tax survey, prepared by Rosina K. Mohaupt of the Detroit Bureau of Governmental Research, compared the adjusted tax rates for 276 cities with the survey of former years.

Because of wide variations in legal requirements and assessing practices the league explained an adjusted tax rate was determined by applying to the actual tax rates levied the estimated ratio of assessed valuation to true cash value for each city. The adjusted tax rates computed by applying these estimated assessment ratios to the actual tax rates are all on a uniform 100% basis of assessment.

The survey disclosed that Atlantic City, N. J., for the fourth consecutive year had the highest reported adjusted property tax rate—$57.20 a thousand. This was $2.60 lower than Atlantic City's rate in 1941.

Wheeling, W. Va., showed the year's lowest adjusted rate — $10.50. The city with the lowest rate last year, Montgomery, Ala., at $8.13 a thousand in 1941, failed to report in this year's survey.

The most favorable record was shown by cities between 250,000 and 500,000 population. They reported the greatest decrease in adjusted tax rate—31 cents on every $1,000—and the smallest increase in assessed value.

Cities having more than 500,000 population failed to show a trend toward decreased rates. Miss Mohaupt said these cities had experienced a series of decreases in assessed valuation which had never been restored to them, a factor which appeared 10 years ago as an outgrowth of predepression assessments based on speculative real estate values.

The survey showed that each of the following cities had the highest adjusted tax rate in its population group: one million or more, Chicago, $36.59; 500,000 to 1,000,000, Boston, $41; 250,000 to 500,000, Jersey City, N. J., $53.73; 100,000 to $250,000, New Bedford, Mass., $46.60; 50,000 to 100,000, Atlantic City, $57.20, and 30,000 to 50,000, Chelsea, Mass., $49.80.

The lowest rates were: One million or more, Los Angeles, $26.46; 500,000 to 1,000,000, San Francisco, $21.98; 250,000 to 500,000, Birmingham, Ala., $10.80; 100,000 to 250,000, Canton, Ohio, $13.20; 50,000 to 100,000, Wheeling, W. Va., $10.50, and 30,000 to 50,000, Fort Smith, Ark., $10.80.

Status Of Maricopa County Refunding Bonds

In connection with the call for bids by the State of Arizona on $4,100,000 refunding bonds for the account of Maricopa County, it is pertinent to observe that some confusion may exist in municipal circles as regards the State's position with respect to the bonds. It will be recalled, of course, that the State, in acting for the county, is so doing in comformity with the decision of the State Supreme Court upholding the county's contention that the original bonds were subject to prior redemption before maturity. This ruling, moreover, obviously clearly defines the nature of the State's responsibility regarding the refunding bonds. This is evident in the following excerpt from the decision:

"It will be observed that the State does not pledge its full faith and credit to the payment of the refunding bonds issued by the loan commision at the request of the board of supervisors, but that the only obligations it is required to undertake regarding them are to see that taxes for the payment of them, principal and interest, are levied and collected by the county and paid to the holders thereof by the State Treasurer. In this situation, the State becomes in effect merely the agent of the bond holders to see that these acts are accomplished."

As to the prospect of the county refunding bonds being callable prior to maturity, the statute governing their issuance seemingly eliminates any such possibility, as the law states that bonds issued thereunder shall not be subject to redemption for 15 years and the obligations now offered have a final maturity date of 1957.

$424,000

Hudson County, New Jersey

2¾% Bonds

Due serially December 1, 1943 to 1967, inclusive

Legal Investment, in our opinion, for Savings Banks and Trust Funds in New York and New Jersey

These Bonds, to be issued for nurses' home and maternity hospital purposes, in the opinion of counsel will constitute valid and legally binding obligations of the County, payable from ad valorem taxes levied against all the taxable property therein without limitation as to rate or amount.

Prices to yield 0.75% to 2.75%

These bonds are offered when, as and if issued and received by us and subject to the approval of legality by Messrs. Hawkins, Delafield & Longfellow, whose opinion will be furnished upon delivery.

HALSEY, STUART & CO. Inc.

Dated December 1, 1942. Principal and semi-annual interest, June 1 and December 1, payable in Jersey City, N. J. Coupon bonds in the denomination of $1,000, registerable as to principal only or as to both principal and interest. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

December 14, 1942.

Vandewater, Sykes & Galloway Continue Municipal Practice

Due to the retirement of Frank C. Moore on Dec. 31, 1942, to assume his duties as Comptroller of the State of New York, the municipal law firm of Dillon, Vandewater & Moore, 120 Broadway, New York City, has announced that all of the remaining partners, together with Archibald N. Galloway, formerly an Associate, will continue the practice of law, after Dec. 31, under the firm name of Vandewater, Sykes & Galloway. The firm's address remains unchanged and it will continue specializing in examining the validity of municipal bonds and securities.

In addition to Mr. Galloway, the other partners in the firm are Edwin Vandewater, Alonzo C. Heckler and Charles S. Sykes.

Revenue Trend On Toll Projects Charted

Blair & Co., Inc., New York, in an analysis of recent revenues of the Port of New York Authority, Triborough Bridge Authority and the Pennsylvania Turnpike Commission, state that the falling off in income for each of the projects has not followed a definite pattern since advent of gasoline rationing and collateral restrictions on automobile traffic in the eastern States.

The investment house points out that while shrinkage in gross income for Port of New York Authority has been substantially less than the indicated falling-off for all road traffic in the eastern states, revenue declines for both Triborough Bridge Authority and Pennsylvania Turnpike have been greater.

In the case of Pennsylvania Turnpike, however, an improved measure of resistance to the decline was indicated in results for October. This was attributed to the greater number of truck and bus operators using that comparatively new development. The volume of commercial traffic using the Triborough Bridge facilities is relatively small, the circular emphasizes. One project operated by Triborough, the Henry Hudson Bridge, cannot be used by commercial vehicles, it is pointed out.

The market for toll revenue bonds, incidentally, has improved considerably in the recent past, co-incident with a somewhat more optimistic investor attitude regarding the future revenue prospects for the various facilities. This view has been heightened, it was said, by the rather growing impression that the war will be terminated before the present curtailment of revenues has attained such proportions as to seriously endanger the debt-paying ability of the borrowers. Another factor mentioned is the possibility that some form of Federal aid may be extended to the units in event that conditions make such assistance necessary.

Georgia To Retire Highway Certificates

The Highway Department and all other agencies of the State have been instructed by Governor Eugene Talmadge to pay all their bills by Dec. 31 so that, with certain exceptions, "there will be no indebtedness against any agency of the State."

Department heads who fail to liquidate their bills by the end of the month will be held personally responsible for payment of the debts, the Governor said, since sufficient funds have been provided in their budgets.

State Auditor B. E. Thrasher, Jr. said the Governor's instructions included payment of all the outstanding certificates of indebtedness issued by the Highway Department. On Oct. 31, $3,320,848 of these were still outstanding.

Most of the remaining certificates do not mature until 1943 and 1944; only about $174,000 of them are payable before the end of the year. Thrasher said, however, that the Highway Department had $5,000,000 in cash on hand at the end of October and was able to liquidate all the certificates now.

Many of the certificates have changed hands since they were issued to contractors and other creditors of the department. The auditor said some holders had discounted the certificates with banks or others, rather than wait for payment in full from the State.

Payment of the certificates will still leave the State with several millions of dollars of cash on hand, Thrasher said. He added, though, that this does not justify any easy optimism about the State's financial outlook because rationing is cutting heavily into gasoline tax receipts, Georgia's principal source of income.

But, compared with the situation two years ago, he said, there has been considerable improvement. On Jan. 1, 1941, he asserted, the State had a net deficit of $26,415,080 since there was only $3,344,561 in cash above necessary reserves to liquidate obligations of $29,759,642.

Albany, N. Y., To Refund $1,805,000 Bonds

The Common Council has authorized City Comptroller Lawrence J. Ehrhardt to petition the State Comptroller for permission to refund $1,805,000 city bonds maturing in 1944 and 1945.

The State Comptroller will be asked to authorize the refunding of $914,000 in bonds next year and $891,000 in 1944.

The bulk of the bonds to be refunded are water bonds. The refunding is part of a long range financing plan under which the cost of the new water supply is being spread over a number of years, thereby avoiding a large tax rate increase in any single year.

Mobile, Ala., To Invest $600,000 In War Bonds

Mayor Ernest M. Megginson has announced that the city is going to invest $600,000 of its funds in government war bonds, thereby aiding the war effort and also securing a return on funds which would otherwise remain idle. The City Commission, the Mayor said, sees little prospect of being able to use any substantial amount of the permanent improvement fund in financing municipal projects in the next year. From this fund, which is expected to total about $700,000 by the early part of 1943, the city will invest $500,000 in United States Treasury ⅞% certificates to mature in one year.

From its surplus waterworks revenue it proposes to invest $100,000 in Series G 12-year United States Treasury Savings bonds pay a maximum of 2.75% interest if held until maturity. They may be surrendered, however, at any interest period, Mayor Megginson said:

The investment of waterworks revenue will be done in this manner. The City Commission will set up a sinking fund for the retirement of a $350,000 water-sewer bond issue maturing in 1953. To this fund will be transferred an original sum of $100,000 from the surplus of about $200,000 which has been accumulated in the waterworks account. This $100,000 will then be invested in war bonds.

Mayor Megginson explained that $100,000 is the limit which the city is entitled to buy in Series G bonds.

Kentucky Debt-Free; 1943 Revenue Losses Forecast

Kentucky has become a member of that small but select group of State governments which are entirely free of indebtedness, having recently called for payment $1,250 worth of interest bearing warrants. More than $25,000,000 of such obligations were outstanding in 1935. The redemption just announced left a $10,000,000 cash balance in the State's general fund, not counting some funds allocated, the Treasury department said:

There remain on the books $13,278 in old warrants issued years ago, but Millard Ball, Assistant State Treasurer, expressed belief their owners either had lost them or that a bookkeeping error of long ago was responsible for them. Under a 1942 legislative act, these old warrants may be charged off the books if not presented for payment in two years.

Co-incident with the above report comes the forecast by Dr. James W. Martin, Director of the University of Kentucky Bureau of Business Research, that wartime conditions will occasion a loss in 1943 of approximately $14,500,000 of the State's peak income from four specific taxes. Mr. Martin predicted these 1943 tax reductions from previous high marks: Road fund, about $10,000,000; distilled spirits production tax, nearly $3,000,000; motor usage tax, more than $1,000,000. Receipts from State income tax "undoubtedly will be lower," he said, although not mentioning any appropriate figure. Higher Federal income taxes will serve to lower the gross amount subject to State taxes.

Martin also anticipated revenue losses from gasoline and motor taxes, which are distinct from the motor usage impost. Road fund revenue had declined from more than $8,920,000 in October, 1941, to $5,340,000 for the same month in the current year. "It may be expected," the Director added, "that gasoline rationing will bring about a very rapid decrease in the gasoline tax revenues."

Civilian Defense Now Major Budget Item

Civilian defense now is a major item in budgets of the nation's cities, costing most of them much more this year than last, a survey by the Municipal Finance Officers Association disclosed. Two hundred and fifty cities of 25,000 or more population reported in the survey on amount, source and purpose of funds spent by municipalities for defense.

Civilian defense costs have been particularly heavy for cities in coastal areas and war industry centers, with the problem accentuated in industrial areas by the great influx of workers, the survey shows.

Portland, Ore., Tacoma, Wash., and Long Beach, San Diego and Oakland, Cal., for example, had to expand their regular municipal services, pay for civilian defense and take out war risk insurance. Portland's civilian defense cost last fiscal year was $40,269, while this year $85,500 has been appropriated. Long Beach spent $185,941 last year and has set aside $719,411 for the current year, while Oakland, which spent $77,221 last year, has made current appropriations of $346,300.

Most civilian defense costs are paid from special appropriations made as part of the regular budget, and are subject to the same controls as other expenditures, the survey shows.

Short-term loans or bond issues were used widely for financing by New York, Massachusetts and Pennsylvania cities. Buffalo, N. Y., floated a bond issue of $170,000; Fall River and Lawrence, Mass., took loans of $25,000 each; New Rochelle, N. Y., $41,000, borrowed on temporary certificates.

Service Flag For N. Y. City Finance Employees

Ceremonies marking the formal unveiling and presentation of a service flag and an honor roll plaque commemorating the service of 153 employees of the office of New York City Comptroller Joseph D. McGoldrick were held on Dec. 1, on the fifth floor of the municipal building. Approximately 14% of the 1,100 employees of the Comptroller's office are now serving in the armed forces and the list is continually growing.

Wisconsin State And Local Indebtedness On Wane

"The $12,047,000 reduction in Wisconsin's State and local bonded debt between 1940 and 1941, marked the largest debt reduction in the last decade," according to the "Wisconsin Taxpayers Alliance."

The total State and local long-term bonded debt was reduced from $138,494,000 in 1940 to $126,446,000 in 1941. The 1941 figure is the lowest debt recorded since the peak in 1931.

"According to 1941 U. S. Census data, Wisconsin had the lowest per capita State and local debt of any State. Advance information indicates many units of government are continuing their debt reduction in 1942, and are preparing to make further reduction in 1943," the "Alliance" claimed.

Analyzing debt figures recently released by the State Department of Taxation, the "Alliance" pointed to several hopeful trends:

"1. Since 1939 the bonded debt which must be borne by property taxpayers outside Milwaukee City has declined. Total debt has declined since 1931, but the true effect upon property owners has been obscured by State payments of county bonds issued for State trunk highway purposes and large reductions in Milwaukee City due to its debt amortization plan. With these two exceptions, local debt continued to increase until 1939, but during the last two years has been substantially reduced.

"2. Many units of government are ridding themselves of their debt burden as rapidly as possible. In 1941, 22 counties were free of debt except for State highway bonds, which are an obligation of the State. Ten counties reported no debt of any kind. In the same year 24 cities were out of debt. Over half the villages and 85% of the towns were debt free.

"3. Intensified efforts are being made by counties and municipalities to place themselves on a pay-as-you-go basis. With increased tax yields, municipalities are paying off old debts. With expenditures for construction and other activities curtailed, new borrowings are limited. Borrowing on the part of counties for poor relief, which increased through 1940, fell off in 1941.

"Retirement of State and local debt is a distinct aid to war economy," the "Alliance" stated. "Retirement now tends to check inflation and to place localities in a good position to handle post-war problems."

State's Tobacco Tax Income Net $130 Million

Tobacco taxes collected by the States increased 761% during the last decade—from approximately $17,000,000 to more than $130,000,000, according to an analysis by the Federation of Tax Administrators.

Greater part of the jump was caused by the increase in the number of States making the tobacco levy during the 10-year period. In 1932 there were only 13 States with a tobacco tax; at present 28 States levy the tax.

The sharp increase in revenues between 1939 and 1942—from slightly less than $60,000,000 to $130,000,000—is due mainly to effects of the war, such as smoking by service men and a general increase in purchasing power, the Federation said. During the same period, also, the two largest populated States in the country—New York and Illinois—adopted the tobacco tax.

Federal Tax Collections 75% Higher In 1942 Fiscal Yr

Wartime changes in U. S. economy contributed largely to the 73.1% rise in Federal tax collections for the fiscal year 1942, which reached a total of $13,419,000,000, the Federation of Tax Administrators said Nov. 3. The 1941 collections of $7,753,600,000 represented, in turn, an increase of 37.2% over the $5,651,700,000 collected in 1940.

A large part of the increase in Federal revenues is due to higher tax rates in the Revenue Act of 1941, under which income tax revenues rose with improved business conditions, to $8,006,900,000, compared to $2,125,300,000 in 1940. Reflecting improved business conditions also is the 28.1% rise in payroll taxes—from $925,200,000 in 1941 to $1,185,400,000 in 1942.

Collections of death and gift taxes in 1942 increased by 20% over those of 1940, contrary to the trend in the States. A 10% increase in the Federal estate tax rate, together with the many gifts made in anticipation of still higher gift and estate levies caused the increase in large part, according to the Federation.

Customs revenues, which had increased by 12.4% in 1941 over 1940, declined from $391,900,000 in 1941 to $389,000,00 in 1942. The increase was caused by more imports for national defense, which declined after Pearl Harbor when Asiatic trade connections were cut.

Tobacco and liquor taxes also showed increased yields in 1942. Tobacco collections went up from $579,800,000 in 1939 to $780,000,000 in 1942, while liquor tax collections rose from $587,600,000 to $1,048,200,000 during the same period.

Other taxes, such as stamp and excise levies, increased from $496,800,000 in 1939 to $1,206,600,000 in 1942.

Except for the great rise in total collections, the Federal revenue structure has remained relatively stable compared to tax changes of previous years, the Federation said. The relative importance of income taxes increased from approximately 38% in 1940 to 60% in 1942, while other items lost proportionately.

Half Of Canada's Wartime Budget Provided by Taxes

Canada is financing more than one-half its $3,900,000,000 budget for 1943 with tax revenues, the only major country in the world to pay out of current revenues so large a proportion of wartime expenditures, the Federation of Tax Administrators said Dec. 1.

U. S. Treasury estimates for United States' expenditures total approximately $78,000,000,000 for the current fiscal year, of which $24,843,000,000—or about 32%—is expected to come from taxes.

Canadian taxes, it is estimated, will yield $2,144,000,000 in the fiscal year ending March 31, 1943—an increase of 46.5% over revenues collected in 1942. Expenditures are anticipated as $3,900,000,000 in 1943—an increase of 32.4% over 1942 and 103.1% over 1941 expenditures.

Income taxes, including succession duties (comparable to U. S. estate taxes) and excess profits taxes, contribute the largest part of Canadian revenues. Rising from $135,000,000 in 1940 to an estimated $1,318,000,000 in 1943—an increase of 876.3%—income taxes will represent 62% of total revenues this year. Second in importance are excise taxes estimated to yield $368,000,000 in 1943, an increase of 318.2% over 1940 collections.

Customs duties, though increasing in absolute amount, decrease in relative importance from 19% in 1940 to an estimated 6% in 1943. The same is true of sales taxes, which are expected to fall from 26% in 1940 to 10% in 1943, despite a $77,000,000 increase in total collections.

The three main classifications of Canadian expenditure changed in relative importance since 1940 as follows:

War expenditures, exclusive of "Aid to Britain," rose from about 15% of the total budget in 1940 to 57% for 1943, standing at $2,200,000,000. "Aid to Britain," 10% of total expenditures in 1940, is 28% for 1943, totalling $1,110,000,000. A margin of $330,000,000 added for "good measure" in the 1943 budget has been included in these figures, allocating one-third to "Aid to Britain" and two-thirds to war expenditures proper.

Non-war expenditures for 1943, including $84,000,000 to be paid Canadian provinces as compensation for giving up the income tax, amount to only 15% of the whole budget; in 1940 they were nearly 75% of the total.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

Feb. 1, 1943

$4,100,000 Maricopa Co., Ariz.
Bids for these bonds will be received by the State Treasurer in behalf of the county.

Investment Trusts

(Continued from page 2151)

our care to the very best of our ability without having an undue pressure upon us to produce a high income, which can only be done by lowering the quality of the Fund's investments, or to realize and distribute profits every three months. The policy is a frank admission on our part of the desire of a majority of our beneficiaries for a larger dividend than can be produced under present conditions by a conservative investment policy.

"Most people are going to have to do more financial planning and budgeting in the future than they have ever done in their lives. A reasonably steady dividend on the shares of this Fund helps our beneficiaries to plan their future income. We are adopting a policy—unorthodox, to be sure, but fundamentally honest—that allows the management to meet the demands for a reasonable dividend without pursuing an unsound investment policy.

"I am quite convinced that our new distribution policy is a very real improvement from the point of view of both the investor and the management. From the management standpoint my principal argument is that the trustees can do a better job of looking after the money if the pressure upon them for a competitive income is removed. All of my experiences tell me that this is so and I believe that this statement will be corroborated by other people who have had to wrestle with this problem over the past twenty years.

"You are probably aware of the increasing interest in the corporate trust field in the more flexible annuity or periodic payment type of trust instrument rather than the old fixed type where distribution is limited solely to the income. Because of the sharp fluctuations in the earning power of invested capital and in an endeavor to get away from the income pressure many trust officers are thinking in terms of the more flexible type. It is also interesting to observe that a somewhat similar distribution policy has been followed for a number of years by the funds sponsored by the two leading investment counsel concerns here in Boston.

"You express doubts in your letter as to the soundness of the new policy. In other words, you ask if it is sound for the Fund to pay out more than it earns. My answer is yes as long as the amount paid from capital is not so large but that you can reasonably expect it will be made up over a period by the increase in the market value of the portfolio and profits actually realized.

"It would be quite different if the investments of the Fund were composed entirely of high grade bonds and mortgages, such as your company owns, in which the possibility of future enhancement in value is very small. A substantial part of the investments of this Fund consists of securities that have the ability to increase in value either through growth or through improvement in general market conditions. A single day's change in the market can more than offset a distribution from capital amounting to ten cents a share.

"Regardless of the accounting distinction there is actually no difference insofar as the beneficiary is concerned between a distribution of ten cents a share from realized profits or a similar amount from capital surplus. In each case the beneficiary receives the ten cents and the value of each share is reduced by an equal amount. It is merely that in the first instance the trustees go through the motion and expense of registering a profit.

"I believe the new distribution policy is very much in the best interests of the beneficiaries of this Fund. It meets a very practical problem in an honest manner and it provides a better background for the trustees to carry out a prudent investment program. It meets the needs of most of our beneficiaries for income and it leaves the management free to use their best judgment in the investment of the trust property.

"I am sorry that you do not approve of the new policy and we would regret to have you leave the Fund. Won't you please consider what we have done from a practical rather than from an orthodox standpoint? New ideas take hold slowly in the field of finance. To condemn the new policy as unsound because it is different is certainly not justified. Progress can only come from those who dare to be different and have the courage to pioneer their ideas . . .

"Sincerely yours,
(Signed) "George Putnam."

SEC Revokes License

The broker-dealer registration of Trost & Co., Inc., over-the-counter security house of Buffalo, N. Y., was revoked by the Securities and Exchange Commission, which also directed that the firm be expelled from the National Association of Securities Dealers, Inc.

The Commission found that Trost & Co. had violated section 17 (a) of the Securities Act of 1933 and section 15 (c) (1) of the Securities Exchange Act of 1934 by concealing true price of securities bought and sold for customers, taking a secret profit, charging prices which bore no reasonable relation to the prevailing market and misrepresenting market prices. The Commission also stated that the particular security which was to be "pressed on a customer, the price at which it was to be sold and the price to be paid for customers' securities bought were always determined by Edward Trost, President of the respondent."

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SAMUEL A. GREEN, Sec'y-Mgr.

Air Transport Industry And Its Role In The War

A new and comprehensive study of the air transport industry, its role in the war and its prospective part in world reconstruction is presented in the 1942 edition of "Air Transportation, A Growth Industry," issued by the firm of Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, members of the New York Stock Exchange and other leading Exchanges.

The survey discusses the effect of the war economy on the air transport companies, revenues and earnings, routes, Federal regulation, post-war expansion, rates, the outlook for freight and passenger traffic, and the industry's contribution to the economic and social welfare of the nation and of the world in years to come. Operating and financial statistics of each of the major airline companies are included in the survey.

Jean Witter Jr. Killed

Jean Carter Witter, Jr. was killed in action in the Solomons, presumably in the opening of the great naval battle which began on Nov. 13. Ensign Witter was serving as assistant navigation officer of the heavy cruiser, U. S. S. San Francisco, which led the attack on the Japanese fleet. While no details regarding his death are yet known it is presumed that he was on the bridge of the San Francisco with Rear Admiral Callaghan and Captain Young when they were killed.

Ensign Witter was the eldest son of Jean C. Witter, partner in the San Francisco investment firm of Dean Witter & Co., and himself now serving as Colonel in the U. S. Army.

Hoppin Bros. To Admit Riordan And Tunstall

Hoppin Brothers & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit James A. Riordan and John E. Tunstall to partnership in their firm as of Jan. 2. Both have been associated with the firm for many years, specializing in unlisted securities.

INSURED SHARES 4% CURRENT DIVIDENDS

Up to $5,000 Insured by an agency of the U. S. Government.

Save regularly—Earn semi-annual dividends. Ideal for Trust funds.

United Building & Loan Assn.

519 GARRISON AVENUE * FORT SMITH, ARKANSAS

This Investor Has Own Rules and Sticks to 'Em One For Ripley's "Believe It Or Not"

A dealer recently received the letter given below from an investor located in a small upstate New York town. The spelling and punctuation are reproduced just as given in the letter itself.

the . . . . . . Co.,
New York N. Y.
AND Dear Sir's.

to the Reply to your Offers of November the 14th. of you Buying Of our 8%. per Cents of the 8 years $2000, Of our Guaranteed Associated Gas and Electric Co, Gold Bond Which Was Due on March the 15 (1940) We Wish to inform you that When We purtched this $2000, Gold Bond on a Down Cash payments at that time We Had No intentions at that time Of Buying Bonds at that time to Sell them Now on a Discounts of 20 to 35 per Cents as we Do Not Due Such a foolish Sort of Business as that Way and Supposed that We Offered you $700, for $1000, Would you accept it than you May think How your Offers Sounds to us and if our $2000, Bond is Worth $1619 to you than it is Worth $1619, to us or More and We Cannot in No Ways Sell our Bonds for Less than We paid for them and if any ones Can Hold them than we Can as we feel assure that the Associated Gas & Electric Co, Will Live up To their Guaranteed Statements and pay us all our Money Back with interests in time Whenthey Get their Matters Streighten out and we know that they Have property to that affect and that we Can Collect Whenever we See fits to Collect our Money Back on their Bond and we Cannot Sell this $2000, Bond for No Less than their full face Values unless you Wish to Buy our Bond for What interests Which is against them against the Associated Gas & Electric Co, Since September the 15 (1939) Which amouants to Quite a few Hundreds Of Dollars So if you wish to take up the Matters of Buying our Bonds for for the interests Which is against them Since September the 15 (1939) for the face Values of the Bond as we State in this Statement please Let us know So We Can Make Some arragments Between us and the Banks AND please Bare in Mind that we Cannot Sell our $2000, Bond Not Less than their full face Values and this is final Mr,
AND Now we Hope that we Have Made Every things Clear in this Statements and understandable.
AND We Not Coaxse No Ones to Buy our Bonds on the full price Value of their face Values of the $2000, Of Which we Have State in this Statements as they are a Regitered Gold Bond and they Hold their full face Value the Same as Money Does Holds it face Values. , and thease Bonds are Increasing in Values Every Day

Sincerely Yours Truly

Pollak Mfg. Attractive

Stock of the Pollak Manufacturing company offers a particularly interesting opportunity at present levels according to a memorandum just issued by Ward & Company, 120 Broadway, New York, N. Y. Copies of the memorandum may be had from the firm upon request.

NYSE Cuts Number Of Finan. Questionnaires

The Board of Governors of the New York Stock Exchange has approved, effective Jan. 1, 1943, changes in certain rules and policies which according to Edward C. Gray, Director of the Department of Member Firms of the Exchange will:

"(1) Reduce from four to three in each calendar year the number of answers to the financial questionnaire required to be submitted by member firms carrying accounts for the public;

"(2) Reduce from four to two in each calendar year the number of answers to the financial questionnaire required to be submitted by member firms not carrying accounts for the public;

"(3) Revise the capital requirements to eliminate consideration of uncleared 'regular way' purchases and sales of securities."

The announcement of Mr. Gray also said:

"On the basis of four years' experience the Exchange believes that the present requirements are more extensive than reasonably necessary. The making of these changes at this time, is particularly opportune as it will relieve some of the pressure upon member firms and upon the Exchange arising from the loss of personnel who have gone into the armed services or are now engaged elsewhere in the national war effort."

Hajoca Prospects Good

Some dealers are stressing the attractive speculative possibilities which they believe are inherent at the present time in securities of the Hajoca Corporation, manufacturers of plumbing supplies, toilet accessories, and kitchen equipment. The company is now engaged almost 100% on war work, directly or indirectly.

Hajoca is taxfree in Pennsylvania. Back in 1935 the Company was thoroughly reorganized. Under the plan of reorganization 50% of the net earnings, after full preferred dividends, must be applied to retirement of preferred stock by purchase in the open market, by tender, or by call. There is no funded debt and it is understood that all bank loans were paid off in 1942.

The net earnings before allowing for preferred diivdends but after taxes, were $651,123.23 for 1941, and it is expected to earn seven dollars per share on the common stock in 1942 after all charges and taxes, since it has the advantage of an unusually broad tax base.

The initial dividends on the common stock were 50 cents on Sept. 1, and 75 cents on Dec. 1; the current dividend on the preferred stock is six dollars.

Present market level is 16½-17½ for the common and 83-85 for the preferred.

NYSE Firms Told To Select Accountants

Member firms of the New York Stock Exchange doing business with others than members or member firms were reminded on Dec. 11 that before Jan. 15 each such firm should notify the Department of Member Firms of the name of the public accountant selected to make an audit of its affairs during 1943, submitting at the same time a signed copy of the accountants' agreement. This is in accordance with Rule 533 of the Exchange's Board of Governors which requires, among other things, that member firms select an independent public accountant to make an audit of its affairs during each calendar year.

The notice issued to members of the Exchange by Edward C. Gray, Director of the Department of Members Firms of the Exchange further stated:

"Under this procedure the first indication which a member firm will receive that an audit is to be made of its affairs will be the appearance of the accountants at the office of the member firm. The accountants will not be precluded from starting their inspection a few days prior to the audit date for the purpose of accomplishing preliminary work. Upon receipt by the Department of advice from the independent public accountants that they have commenced such an audit of a member firm or the preliminary work in connection therewith, instructions with respect to the preparation and submission of the answer to the financial questionnaire, the regulations to be followed in conducting the audit and an attestation form will be forwarded promptly to the member firm for delivery to the independent public accountants."

Anti-Poll Tax Bill Shelved By Senate

The bill barring collection of poll taxes as a prerequisite to voting in elections involving Federal officials was killed for this session of Congress on Nov. 23 when the Senate defeated a motion to limit debate by a 41 to 37 vote. Approval of two-thirds of those voting was necessary.

A seven-day filibuster by a group of Southern Senators who opposed the bill had blocked formal consideration of the measure. The filibuster came to an end on Nov. 20 under a "gentlemen's agreement" calling for a vote on Nov. 23 on the move for adoption of the cloture rule limiting each Senator's discussion to one hour. Senator Barkley (Dem., Ky.), the majority leader, following failure to invoke cloture, then moved to lay the bill aside and to contest any further effort to call it up at this session.

Poll tax opponents said on Nov. 24 that they would attempt to revive in the new Congress a bill abolishing the practice, and Representative Marcantonio (Amer.-Labor, N. Y.) announced on Nov. 26 that he plans to offer such a bill as soon as the new Congress convenes.

The Senators from the eight Southern States—Tennessee, Arkansas, Mississippi, Alabama, Georgia, South Carolina, Virginia and Texas—which levy poll taxes, had vigorously contended that only the States have the right to fix qualifications for voters. They asserted that to abolish the poll tax as a prerequisite for voting in Federal elections would be an unconstitutional invasion of State rights.

The Senate bill was sponsored by Senator Pepper (Dem., Fla.).

The House had approved on Oct. 13, by a vote of 252 to 84, an anti-poll tax bill in slightly different form. The measure, passed as an amendment to the Hatch Act preventing pernicious political activities, had been introduced in January, 1941, by the late Representative Geyer of California. It had been "pigeon-holed" in the House Judiciary Committee for months but the way for a House test on the issue was cleared on Sept. 22 when the 218th signature was added to a petition forcing the bill out of Committee.

On Oct. 12 the House paved the way for debate on the floor when, by a vote of 251 to 85, it discharged the Rules Committee from further authority to pass on a rule making the bill preferred business on the House calendar. Then the House by a 250 to 85 vote adopted the rule.

U. S. To Rehabilitate Mexico Rail Lines

In order to expedite shipment of vital war materials from Mexico, the United States has agreed to rehabilitate certain key sections of the Mexican National Railways. This was officially disclosed on Nov. 18 in an exchange of notes between Mexico's Foreign Minister Ezequiel Padilla and Ambassador George S. Messersmith in Mexico City.

The United States Government agreed to bear the cost of all necessary materials and equipment, as well as repair costs and the cost of additional maintenance.

As its share of the joint rehabilitation task, the Mexican Government and the Mexican National Railways will contribute part of the materials and equipment necessary to achieve maximum efficiency in operation of the lines. In addition, Mexico agrees to follow the suggestions and advice of the technicians furnished by the United States. This railway mission is headed by Oliver M. Stevens, former executive officer of the Missouri Pacific Railroad and now President of the American Refrigerator Transit Co.

In announcing the arrangement, the State Department said:

"United States Government agencies have purchased in Mexico extensive quantities of a long list of strategic materials urgently required for direct war uses. The Mexican National Railways are being called upon to carry a traffic burden which several times exceeds peace time peak loads.

"Unless certain basic changes and improvements are made these lines will not be able to stand up under the increasingly greater strain now being placed upon them. In order that optimum efficiency in the operation of the railroads may be assured for the transportation of these vitally needed materials, not only from Mexico but also from Central America now that the Suchiate River Bridge has been completed, through the joint efforts of the Guatemalan and Mexican Governments, to link the transportation system of those two countries, work has already started to place the railways in condition to carry the needed tonnage."

Roswell Ingram With Kalman & Company

(Special to The Financial Chronicle)

ST. PAUL, MINN.—Roswell P. Ingram has become associated with Kalman & Company, Endicott Building, members of the Minneapolis-St. Paul Stock Exchange. Mr. Ingram was formerly St. Paul representative for C. D. Mahoney & Co.

To Deal In Securities

Samuel M. Rose has formed the Midland Securities Company with offices at 1775 Broadway, New York City, to engage in an investment business.

Only Series E Issue Designated War Bonds

George Buffington, assistant to the Secretary of the Treasury, disclosed on Nov. 28 that beginning Dec. 1 only the Series E savings bonds will continue to be designated as "War Bonds." Series F and G bonds, designed for large investors, will be known only as "United States Savings Bonds."

The Series E bonds are those bought by most wage earners and are issued in denominations of $25, $50, $100, $500 and $1,000. Series F and G bonds are issued in denominations of $100, $500, $1,000, $5,000 and $10,000.

Mr. Buffington said the change of designation had been ordered to avoid confusion and to present more specific popular names for the three issues of savings bonds according to the United Press.

10 Months' Construction In '42 Surpasses Previous Yrs.

Total construction contracts awarded in the 37 eastern states during the first 10 months of this year have exceeded the total 12-month volume of any previous year, according to F. W. Dodge Corporation in a release made public on Nov. 21. The dollar total for all building and engineering work started from Jan. 1 through Oct. 31 was $6,892,161,000. The previous record year, 1928, had $6,628,285,000 in contracts awarded during the entire year. This year's 10-month total was 35% greater than the figure for the corresponding period of 1941. The report added:

The 1942 record volume is comprised principally of the construction of war facilities; 85% of the total dollar volume represented public-ownership projects. In dollar volume, non-residential building increased 72% over the first ten months of 1941; residential building volume declined 13%; heavy engineering construction increased 42%.

The October contract total, $780,396,000 was 8% greater than that of the previous month, and 29% greater than the October 1941 figure. The current program of the War Production Board calls for emphasis on end products in 1943 rather than on creation of more new facilities and indicated that construction volume will taper of considerably from the 1942 peak.

Non-Farm Foreclosures

While there were a few more non-farm foreclosures in October than in August, the seasonally adjusted foreclosure index for October dropped to the lowest point in the eight years such records have been kept, the Federal Home Loan Bank Administration reported on Dec. 5. The advices further stated:

"There were 3,072 foreclosures throughout the country in August, 3,360 in September and 3,083 in October, with the August figure the lowest reported in the 15 years for which annual records are obtainable. But with adjustments for seasonal causes, the October index was 23.9, as compared to the 1935-1939 base of 100, while the index for August was 24.1.

"October foreclosures were 30% less than those for October, 1941. The 36,147 cases reported for the first 10 months of 1942 were 28% below those for the corresponding period in 1941. The Federal Home Loan Bank Administration, a unit of the National Housing Agency, reported that more than half of the October foreclosures were in cities of more than 60,000 population and pointed out as a consistent trend that the smaller the city, the lower has been the rate of foreclosure."

UP-TOWN AFTER 3

PLAYS

"The Willow And I," by John Patrick. Presented by Blackwell and Curtin in association with David Merrick at the Windsor Theatre, N. Y. With Martha Scott, Barbara O'Neil, Gregory Peck, Edward Pawley and others. Directed by Donald Blackwell. Sets by Lemuel Ayers. Costumes by Aline Bernstein. (Reviewed Friday, Dec. 11, 1942).

Here is a sound melodrama which deserves a better fate than the first night reviewers slated it for. It is true that some of the story is a bit on the hokum side. Yet in retrospect "The Willow And I" has most of the elements that make for first-rate theatre. It has a good plot, sustained interest and some of the best acting on Broadway. The story deals with the Sutro sisters and carries over from the Victorian days to the present. Mara Sutro, the weak, shy, retiring sister, falls in love and is to be married to a young doctor. Bessie Sutro, her strong, dynamic, grasping sister, loves the same man, resents the marriage and threatens suicide just as the ceremony is to start. In the struggle for the gun, a shot is heard. The shock drives the bride into amnesia, a condition which lasts for forty years. Bessie marries the doctor and a son is born to them. The years pass, the son grows up, the father dies and Mara, now an old woman, is still in a mental fog. The tragedy of Mara living in the past in a world which has passed her by and Bessie living in the present resenting her sister, is readily apparent. The denouncement comes in the midst of a thunderstorm that shocks Mara back to consciousness. She relives the awful moments that led to her condition but the years in between are a complete blank. Her realization that she has lost her husband-to-be to her sister, and the deaths of people known so well to her, is handled with masterful suspense. Its similarity to Rip Van Winkle is, of course, obvious, but Mr. Patrick's handling of a psychopathic subject is a great deal more profound. The burden of the story is carried on the shoulders of Martha Scott as Mara, Barbara O'Neil as Bessie and Gregory Peck, who plays a dual role. But some of the best work comes from Pauline Myers, the colored maid, and two youngsters, R. Davis Williams and Alec Englander.

MOVIES

"Random Harvest" (MGM) is drama with all the floodgates down. The ladies will cry up at least two handkerchiefs, and even the hard-bitten male will pretend he's got something in his eye. It's a story of post-war England (World War I) and its shell-shocked veterans who are in asylums suffering from various mental disorders. One of these is Ronald Coleman, who has amnesia and vocal paralysis. After a poignant scene he escapes from the asylum and meets Greer Garson, a show girl. She, feeling sorry for him, shelters and later marries him. Blissfully happy, they have a baby and he leaves for Liverpool about a job. An accident drives all memory of his life with Greer Garson away but restores him to the wealthy family of which he is the heir. The only clue of his life in a small English cottage is the key to its door he finds in his pocket. The James Hilton book, on which the story is based, was not a very good one. The picture, however, is deftly handled and well presented. . . . **"Journey For Margaret"** (MGM) is also based on a best seller by W. L. White. It deals with the horrors of war as they effect the children who go through bombings and lose not only their parents but all sense of security. Set in England during the big blitz, Robert Young, American newspaper correspondent, and his wife, Larraine Day, are bombed out of their hotel. His wife, ill, leaves for America and Young stays behind. He rescues a little victim of the raid still clutching his toy-woolen lamb. At the home where he takes the child he discovers another bomb victim, little Margaret. He finds he wants to adopt both children but regulations and Clipper space prevent. How he solves the problem is the basis of the story. Little Margaret, played by Margaret O'Brien, a five-year-old youngster, is wonderful. The boy, Billy Severn, as Peter, is equally good.

AROUND THE TOWN

Ben Harriman of the **Aquarium Restaurant** is running oyster-eating contests. Anybody who can eat more than three dozen (uh!) gets them for nothing plus a week's dinners on the cuff. Of course if you gag before you manage to swallow the entire three dozen you not only will have to pay for the entire lot but will have to furnish your own doctor and pay for your own medicine. . . . **Vic Knight** offers this **$64** question, "Why is it that the woman who complains she has nothing to wear never has enough closet space either?" . . . **Madeleine Carroll** comments that women are getting men's wages these days. **Meyer Davis** mutters, "They always have in one way or another." With New York's around the corner here are the prices some of the places in New York are charging. **Penthouse: $5** each for supper. **Ruban Bleu, $10** a couple (includes champagne). **Havana-Madrid**, up to $20 (depending on location). **Mon Paree, $10** each. **Casino Russe**, $25 couple in main room; $20 couple in Baghdad Room. Open house at the following: **Cafe Louis XIV, Cerutti's, Holland House, Reuben's.** Hotel lists are not in yet. By the way, none of these include taxes unless specifically mentioned.

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News & Views

The current issue of "News & Views," distributed by Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, California, discusses tax-selling and some investments which the firm considers offering particularly attractive possibilities at current levels. Copies of "News & Views" and an interesting bulletin on the Aetna Fire Insurance Company may be had from Butler-Huff & Co. upon request.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2150)

nobody can give a pat answer which includes the war.

* * *

All this means one thing. A bull market of the old fashioned kind is out of the question. The best you can hope for is sustained rises which may carry ten or twenty points, followed by declines of anywhere from seven to fifteen points. If you are keen enough to buy the right stocks, hold them for a while, then get out before the inevitable reactions follow, you will make money. If you buy them when everybody is chanting stories of how swell the market is, and how high it's going the chances are you'll be hung up just when the market is ready to start turning down. This is not new. It has happened when there wasn't any war. It's more likely to happen today.

* * *

The chief reason is the reading of inspired headlines plus the interpretations of so called military experts (and the radio is full of them) which give rise to either wild optimism, or the other extreme, doleful pessimism. The market, besides its other qualities, is a mirror of public opinion and acts accordingly.

* * *

The results are usually obvious. How one can avoid falling into the mistake is something I'm not qualified to answer. It requires, among other things, the ability to make one's own decisions. It also presupposes an ability to avoid the obvious.

* * *

Currently, the market is back to about 116.50 in the Dow averages. Any market follower is aware of an old top between 117 and 118. Now, for some weeks past the rank and file has been waiting for tax selling to get prices down. We know that outside of a reaction to about 113 and a high fraction the long awaited set-back failed to materialize. So now the common belief has sprung up that a seasonal rally will carry the market up again. I'm afraid I don't agree. It's true the market can go up. It can even make a new high. But if it goes up say a point and a half, the new high will be established. But new highs in averages don't necessarily mean new highs in all stocks.

* * *

If you will look back on some of the stocks you will see there were any number that made new highs long before the market as measured by averages even threatened to do it. The same thing holds true on the down-side. Stocks make new lows before the averages. From what I can see of the market I think it will go up to a new high, but not by much. And as mass opinion starts veering to the side of renewed optimism, I think the market will start down again.

There aren't many ways one can guard against being caught between the two millstones and being ground into a powder. The protection I prefer is taken care of by stops. I realize, in thin markets, it's not the ideal. But until something better comes along it will have to do.

The stops as applied to the stocks you hold are as follows: Air Reduction — stop 35. Goodyear—stop 21. International Harvester—stop 53 and Superheater—stop 12.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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In The Armed Forces

Casey, James P., Thomson & McKinnon, Chicago. Pvt., U. S. Army, 2nd Bn., 136th Inf., A.P.O. 33, Tacoma, Wash.

Clarke, Harrison, Johnson, Lane, Space & Co., Atlanta. Aviation Cadet, U. S. Army, Air Force, Sqdn. C, Group 1, A.A.F. C.C. Nashville, Tenn.

Eklung, George H., Thomson & McKinnon, Chicago. Staff Sgt., U. S. Army, 605th T.S.S. (sp), Sioux Falls, S. D.

Figora, Joseph S., Thomson & McKinnon, Chicago. Pvt., U. S. Army, Co. I, 377th Inf., A. P. O. 95, Camp Swift, Tex.

Henderson, James, Thomson & McKinnon, Chicago. Pvt., U. S. Army, Btry. C, 55th Bn., (AA) Training, Camp Callan, San Diego, Calif.

Huebener, Albert, J. G. White & Co., New York. U. S. Army, Signal Corps.

Jordan, Dixon, Thomson & McKinnon, Chicago. Cpl., U. S. Army, 12th Schl. Sqdn., Scott Field, Ill.

Jordan, John W., Thomson & McKinnon, Indianapolis. Major U. S. Army, Base HQ., Army Air Base, Topeka, Kan.

La Presto, Frank J., Thomson & McKinnon, Chicago. Pvt., U. S Army, 28th Bn., S.C.R.T.C., Barracks 1576, Camp Crowder, Mo.

McDonald, Joseph, Thomson & McKinnon, Chicago. Sgt., U. S Army, Btry. F, 94th C.A., A.P.O. 922, c/o Postmaster, San Francisco, Calif.

Malloy, John, Thomson & McKinnon, Chicago, Pvt., U. S. Army, 5th Tng. Bn., AAA Enl. Div. Schl., Ft. Bliss, Tex.

Mann, William H., Jr., Thomson & McKinnon, New York, 2nd Lt., U. S. Army, Camp Murphy, Fla.

Miller, Samuel, Thomson & McKinnon, Chicago, Pvt., U. S. Army, HQ & HQ Co., 68th Armored Regt., 6th Armored Div., A.P.O. 256, Camp Chaffee, Ark.

Muir, Edward D., Russ & Co., San Antonio, 2nd Lt., U. S. Army, Duke University, Durham, N. C.

Neville, Robert, Thomson & McKinnon, Chicago, Cpl., U. S. Army, Btry. C, 244th C.A., A.P.O. 935, Seattle, Wash.

O'Connell, John, Thomson & McKinnon, Chicago, Pvt., U. S. Army, R.C.N. Co., 821st T.D. Bn., Camp Carson, Colo.

Ogle, Kenneth L., Thomson & McKinnon, Indianapolis, Major, U. S. Army, Fort Ord, Calif.

Pauly Elmer W., Prescott, Wright, Snider Co., Kansas City, Pvt., U. S. Army, Finance Dept., Camp Bowie, Tex.

Priggemeier, Charles G., Rambo, Keen, Close & Kerner, Philadelphia, Pvt., U. S. Army, Finance Dept., 1322nd Service Unit, Ft. Meade, Md.

Pullman, W. A. P., C. F. Childs & Co., Chicago, Lt., U. S. Naval Reserve (Asst. to the Executive Officer, Great Lakes, Ill.), Naval Training Station, Great Lakes, Ill.

Salak, Anthony J., Thomson & McKinnon, Chicago, Radioman, 1st Cl., U. S. Naval Reserve, Naval Training Station, Great Lakes, Ill.

Tryon, Louis S., J. G. White & Co., New York, U. S. Army, Air Force.

Wells, Charles I., Rambo, Keen, Close & Kerner, Philadelphia, Pvt. 1st Cl., U. S. Army, HQ Co., 85th Inf. Div., A.P.O. 85, Camp Shelby, Miss.

Witter, Dean, Dean Witter & Co., San Francisco, Col., U. S. Army, Deputy Chief of Ordnance, San Francisco District.

Wray, John W., Thomson & McKinnon, Indianapolis, Specialist, U. S. Naval Reserve, Naval Air Base, Peru, Ind.

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HOW DID WE GET THIS WAY?

(Continued from first page)

that prove its dogmatism, its peremptory assertions, to be sheer twaddle. It is not even a fragmentary truth; just a brittle myth dependent upon the gullibility of man. It invites us, the inheritors of institutions which have cost countless generations of toil and which, even if not perfect, have proven their worth, to junk them and follow economic wills-of-the-wisp, sociological fire-flies, into the fetid bogs of false humanism. It is distorted by bias and pregnant with disaster.

Nechayer, one of the minor prophets of communism, gave the formula for handling fellow-travellers and liberals who frequent its political environs: "conspire with them, get possession of their secrets, compromise them and use them as instruments for stirring up disturbances."

Despite its antiquity and persistency, there is no truth in the pernicious belief that men are born to certain absolute rights, except when qualified by the principle that they are born to equivalent and corresponding duties. It is nonsense distinguished as an apothegm; a stereotyped catchphrase on a soapbox, making up in noise the hysterical gesticulations what it lacks in sense. Civilization has not developed because of such beliefs but in spite of them. No single fact supporting such a hypothesis has ever been cited in an intellectual form capable of analysis by any thinker worthy of the name. The thesis depends upon rhetoric only and its effectiveness grows in inverse proportion to its lucidity.

Equality before the law carries the obligation to know and obey it in spirit as well as letter. Equality of opportunity bears the obligation to be prepared and recognize it but it does not guarantee success. Those in this country who complain about lack of opportunity, do not possess the capacity to capitalize upon it or think that success should be automatic — coexistent with existence. By any logical implication, opportunity means freedom to accept rewards proportionate to results. It does not mean handicapping the superior so that he cannot excel the inferior.

It is a dangerous fallacy which teaches that men are entitled by perogative to liberty and equality, which are coordinate with responsibility. The theory of inalienable rights is meaningless babble in which the flower is taken for the whole tree. It is based upon the assumption of the existence of an ideal economic and moral man in the ethnic potpourri of humanity, in the conglomerate of races; man as it is imagined he should be—homunculi in a test-tube—and not as he has really been fashioned by the unknown forces which brought him into being and direct his development.

If it is true that men have natural rights without obligations, then the converse is true, other men have obligations without rights, and the theory falls by the weight of its inherent self-contradictions. On such illusions unsound and ridiculous social formulae are based, ignoring the fact that a society cannot be built upon man's weakness but only upon his strength.

Progress depends upon observance of the principle that duties take precedence over rights; that liberty exists only when they are in equilibrium. The true function of government is to see that men perform their obligations before they enjoy their rights. Government also has an obligation, which is to be just before it attempts to be generous with wealth it does not produce. Otherwise liberty degenerates into license and democracy into mobocracy.

No matter how large the army is, most of us must remain privates and many must remain in labor battalions. Absolute equality does not exist even in a poor-house or on the WPA but only in a home for congenital idiots. That the theory falsifies the entire concept of life is but an affirmation of the obvious.

Some of the rights currently claimed vociferously and the obligations quietly over-looked are:

The right to run for office—the obligation to abstain from demagoguery.
The right to be governed by selected representatives—the obligation to select them intelligently.
The right to work—the obligation to work skillfully and diligently.
The right to strike—the obligation to let someone else work.
The right to bargain collectively—the obligation to honor the contract.
The right to an opinion—the obligation to know something about the matter.
The right to run a newspaper—the obligation to print the news free from propaganda, bias and legal libel.

As industry advanced, as tools improved, as labor accumulated and was called wealth, population increased and with the increase came the demand for better implements and more productive land. From this demand arose the institution called rent, which is nothing more than a portion of one man's current labor paid for the use of another's past labor.

The institution called interest, which is basically allied to rents and profits, followed. In the case of profits, the owner furnishes the implements or property, directs the current labor, and assumes the risk, an element which is generally forgotten when the risk is passed, and which is intentionally overlooked by the proponents of production for use schemes—which in itself is a phrase without a meaning. Risks are inherent in profits but profits are not inherent in risks. Loss is always an alternative.

The medieval concept — which is being revived by our self-styled intelligensia, whose chief ability lies in the use of dialetic and invective, in which they are past masters—that money was static and interest immoral, had no more basis in fact than the ancient belief that the earth was square and the center of the universe, with the sky a crystal roof above. They both arose, however, from a poverty of facts and not from defective mental processes as is the case with similar modern grotesqueries.

The patriarchal prohibition against interest, even when it was anathematized as a sin, was widely evaded because it was opposed to human necessity and economic progress. The collision between economic realities and misnamed ideals, must always result in a victory for the realities, despite the suffering of deluded and betrayed humanity, particularly when the ideals are embroidered with distortion.

The possession of an economic good today has an advantage over the right to possess the same article next year in that the use of the article during the year is valuable; it is worth interest or rent. Interest can no more be eliminated from a progressive economy than can the profit motive, nor can the rates of either be effectively controlled over a period of time except in a regime of rigid regimentation, extended over intellectual and spiritual as well as economic and political matters, a condition repugnant to any race with a tradition of liberty. To succeed such a regime must be implemented by corruption, terror and force incarnated in a bleak program of dehumanized bestiality, a corollary overlooked by altruists who are busily engaged in improving the lot of humanity by planning its mode of life and determining the size of the arch which is to constitute each man's segment of the circle of existence.

With the expansion of industry, the development of the entrepreneurs and the increase of wealth and population, a relationship which is not understood or emphasized as fully as it should be, it became necessary to provide more effectively for the protection of property and person, neither of which can be safeguarded without safeguarding the other.

The belief of many kindly and well-intentioned people—and some not so well-intentioned—who draw a line of demarcation between human rights and property rights, is based upon an inadequate and distorted knowledge of the true nature of these rights and of the things by which and for which men live. These rights are not antipathetic but coeval, cognate and equally sacroscant. It is shallow thinking, even though ostensibly idealistic, to believe that the rights of property owners, creditors and employers can be destroyed and other rights preserved. Neither can be infringed without social and economic reprisals which are automatic in their action. It is a contention which cannot be substantiated or defended in the forum of reason nor can its validity be sustained by any law. The argument is vacuous and jejune, although it has a pietistic air.

These sentimental philosophies start from the premise that nothing is true that is disagreeable. They are just a welter of words, which run like a river in spate, without a kernel of meaning, and are believed with emotional rather than intellectual sincerity. The danger is that motives and purposes have little to do with consequences. Sentimentalities cannot be taken as truths. People do not need to be self-inducted into the service of mankind. Good intentions are not the critera of good results. It would be difficult to make a mistake if motives determined results. Peace, order, security, freedom and prosperity are not due to human resolutions but to economic forces. Irrational idealism confuses issues more than it clarifies them. It is risky to sail in the vortex of emotions without a rudder of reason. Unless emotion is balanced with analysis it is a dangerous force. It seldom thrives on the abstemious fare of mental honesty and finds no need for logic. The most distinguished characteristic of thinking is facing the facts without equivocation or self-deception. There are two varieties of superficiality, the possession of facts that are not understood and the abvocacy of theories not sustained by facts.

Our Reporter's Report

(Continued from first page)

Series G and H 4s due in 1946, it is the opinion in bond market circles that the offers probably came fully up to expectations.

Approximately $97,400,000 of the combined series were outstanding, in about even amounts, prior to the call for tenders.

And since the both series are selling slightly under par, it is assumed in investment circles that the road probably was able to take up a considerable total since it evidently was willing to acquire such bonds as were offered for sale to it at par or under.

Other Roads Expected to Act

Now that they are in a position to apply surplus earnings toward reduction of funded debt without having to fear any tax liability, it is expected that more railroads will follow the lead of the Great Northern and advertise for tenders of selected issues.

Managements can, of course and they have been, buy in their bonds on favorable opportunities in the open market. Such buying has reflected from time to time in the behavior of bonds of various roads in recent months.

But in order to avoid the possibility of inducing too much speculative activity in such issues, it is considered possible that the issuers will lean more aggressively to the idea of seeking to obtain the bonds they want through calling directly to holders for tenders.

Around the Street

The executive committee of the New York Section of the Investment Bankers Association, met this week and announced the election of F. Kenneth Stephenson, of Goldman, Sachs & Co., as vice-chairman. He succeeds R. McLean Stewart, of Harriman Ripley & Co., Inc., who recently took a leave of absence to serve with the Civil Aeronautics Bureau in Washington.

It is reported, also, that Walter Blaine, associated for almost a quarter of a century with Goldman, Sachs & Co., was recently admitted to the firm as a partner.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Proposed transfer of the Exchange membership of the late W. Gillette Bird to Louis J. Singer will be considered on Dec. 23. It is understood that Mr. Singer will act as an individual dealer.

Transfer of the Exchange membership of George L. Worthington to Charles Plohn will be considered on Dec. 23. Mr. Plohn will continue as a partner in Newborg & Co., New York City.

Transfer of the Exchange membership of William B. Reilly to Henry Brevoort Seaman will be considered on Dec. 23. Mr. Seaman will act as an individual floor broker.

C. Charles Latour retired from partnership in Scholle Brothers, New York City, on Dec. 14.

Deery & White, New York City, is inactive because of the illness or war service of all of its partners.

Franklin A. Batcheller of Blair S. Williams & Co., New York City, died on Dec. 8.

Henry Morgan Dead

Henry Morgan, senior partner of Henry Morgan & Co., 42 Broadway, New York City, New York Stock Exchange member firm, died at his home in Tucson, Arizona after a long illness.

Changes In Canada Brought About By War

The war is bringing about marked changes in business, economic and social conditions in Canada, A. E. Phipps, President of the Imperial Bank of Canada, told shareholders at their 68th annual meeting in Toronto on Nov. 25. It has substantially increased the productive capacity of the country and stimulated the production of new materials, Mr. Phipps said, adding that "these changes are due largely to the extensive war production program and partly to the inevitable industrial, commercial and financial adjustments to a war-time basis."

Mr. Phipps continued:

"The country has traveled far in in the intensification of war activities and the effects of emergency demands on production facilities are being increasingly felt, causing some dislocation in industry and trade. It is obvious that a country cannot divert an increasing share of its productive capacity to wartime channels without impairing some parts of its industrial structure, and it is equally clear that the energies of the people cannot be turned from the production of the necessities and comforts of life to the production and use of implements of war without a corresponding decline in the standard of living. Some of the major strains are now developing and greater sacrifices will probably be necessary if the duration of the war is extended."

Dominion Government financing and banking expansion, he stated, have reflected the influence of the economic expansion during the war period. Total Government expenditures for the first seven months of the fiscal year are reported at $2,375,471,038, nearly triple the figure for 1941 of $841,693,432, Mr. Phipps said, adding that "as the expenditures are steadily advancing, it appears that the budget estimate of a total expenditure of $3,900,000,000 for the current fiscal year may be exceeded.

Mr. Phipps further said that the outstanding feature of the bank's statement is the growth in the totals on both sides of the balance sheet, the deposits having increased approximately $37,000,000, with a corresponding increase in the assets. Saying that this was of course due to the enormous expansion of business caused by the war, he explained that the increased resources have been loaned to the Government at a low rate of interest.

Treasury To Use New Materials In Small Coins

Treasury Department officials disclosed on Nov. 26 that one-cent pieces would be minted of steel coated with zinc so as to free copper for war industries as soon as Congress passed legislation permitting the use of substitute materials for small coins. According to the Associated Press the bill already has been passed by the Senate and now awaits House approval. In anticipation of its early passage, the Treasury has experimented with several copperless pennies and officials reported that zinc-coated steel seemed to be the most successful substitute. The advices from which we quote added:

"Actually, according to mint officials, there now are more pennies in existence than ever before in history, despite the fact that war needs for copper recently caused coining of the one-cent pieces to be temporarily suspended. Prior to the suspension, the mint had been turning out pennies at an unprecedented rate—more than a billion last year alone.

"However, increasing spending, an increase in vending machines and odd-cent priceing methods, besides sales and excise taxes, have increased the demand for pennies."

The Senate Banking and Currency Committee on Nov. 18 was told by Mrs. Nellie Taylor Ross, Director of the Mint, that the Mint and Treasury had discussed the making of half dimes—a coin smaller and markedly different from the nickel—to relieve the "pressure" on the nickel supply, and 3-cent pieces to offset some of the demand for pennies.

Wants Government To Encourage Future Home Ownership

At its recently-concluded national war conference in St. Louis, the National Association of Real Estate Boards adopted resolutions calling on the Government to encourage home ownership in this period of increased incomes for many families. The Association makes these two suggestions, according to advices made available by it on Dec. 6.

1. That in addition to the purchase of bonds our citizens also be encouraged by the Government to gain an added stake in America and its future through home ownership.

2. That the Government encourage the many institutions and others with large residential property holdings over the nation to evolve an attractive and economic plan for sale to their present tenants providing for lower down payments, lower interest rates and longer term mortgages—all compatible, of course, with OPA regulations.

The placement of these savings in a home would divert much money from purchase of consumer goods which require new production, the resolutions point out.

Pledging to use its best efforts to persuade home owners to open up their homes to war workers as roomers and tenants, thus expanding the use of present housing facilities, the association, by resolution, asked that a change be made in OPA rent regulations in order to make the war guest campaign more effective. The association suggests that OPA change its regulations so as to eliminate entirely from the provisions of the Rent Control Act a householder who has four or less war guest tenants, in order that any family would be free to evict a tenant whose presence proves deleterious to the family life.

Hails Court Ruling In Price Fixing Case

Price Administrator Leon Henderson on Nov. 25 characterized as an outstanding victory "for the man in the street and the woman in the home," the decision of Federal District Judge Gunnar H. Nordbye in Minneapolis, upholding the validity and reasonableness of the General Maximum Price Regulation in an enforcement action brought by OPA against a Minneapolis chain store organization and its chief supplier. Mr. Henderson said:

"Judge Nordbye's findings in the first major court test of what is one of the most important regulations ever issued in the public interest under war-time conditions certainly constitute an outstanding victory. However, I do not consider it so much a triumph for OPA as a victory for the man in the street and the woman in the home.

"The General Maximum Price Regulation is their regulation. It has been the principal weapon employed by this office to hold war-time living costs in check and it has succeeded. To have its major provisions upheld so sweepingly is indeed a matter for gratification."

The OPA points out that Judge Nordbye, granting an injunction in a suit brought by OPA against the C. Thomas Stores, of Minneapolis, and its chief supplier, the Mutual Wholesale Food and Supply Co., found for the government in virtually every contested point. The OPA also presents the following data:

"The defendants, who were brought to court in the course of OPA's nation-wide enforcement drive, were found to have:

"Raised prices above the March, 1942, ceilings set in the General Maximum Price Regulation;

"Refused to differentiate in prices on group or quantity purchases;

"Assumed authority to adjust prices without consulting OPA as required by law;

"Made no attempt to confer with OPA in problems involving price 'squeezes'—that is, higher costs of replacing price-controlled goods; and

"Failed to comply with price-posting requirements of the General Maximum Price Regulation in many of the 62 outlet stores.

"While recognizing that the reporting and record-keeping requirements of the OPA regulation 'impose numerous and serious burdens' on storekeepers, Judge Nordbye declared that 'no citizen in these times should complain of additional burdens,' if strict compliance with the regulation will achieve the goal of defeating inflation."

Controlled Materials Plan Set Up By WPB

A new Controlled Materials Plan Division to administer the distribution of steep, copper and aluminum was recently set up in the War Production Board, announcement with regard thereto having been made by J. A. Krug, Deputy Director General for Distribution.

Director of the CMP Division and Chairman of the Controlled Materials Board is Harold Boeschenstein, President and General Manager of the Owens-Corning Fiberglass Corp., Toledo, Ohio. Assistant Director is W. C. Skuce, supervisor of materials procurement, priorities and inventory control for the General Electric Co., Schenectady.

In distributing materials under the Controlled Materials Plan, Mr. Boeschenstein and Mr. Skuce will work in close co-operation with Hiland G. Batcheller, Arthur H. Bunker and Harry O. King, directors, respectively, of the three controlled materials division—steel, aluminum and copper—and with control officers of the claimant agencies.

The basic principles of the new Controlled Materials Plan are those which American industry has used to develop its own production procedure, Ernest Kanzler, Director General for Operations of the War Production Board, indicated on Nov. 24 at a meeting in New York of about 3,000 business men and industrialists under the auspices of the WPB and the National Association of Manufacturers. The WPB, Mr. Kanzler said, has found it necessary to deal with American industry "as one vast company—one tremendous, integrated production unit." He added:

"All our efforts are directed toward smashing the Axis. Speed is the great factor, and it is necessary that material be at the proper place at the proper time. To back up the fighting fronts, we must back up the home industrial front with a Controlled Materials Plan. This is the biggest job ever undertaken by our economy and we present the plan with expectations of your full co-operation."

The production cycle from raw material to finished product would be shortened by the plan, Mr. Kanzler said, and mass output from all industry would be developed.

Courtney Johnson, a member of Mr. Kanzler's staff, told the conference that the bases of the plan were: (1) Matching of available materials to production authorized and scheduled and, (2) direction of materials to the right place at the right time.

Putting the plan into effect, he added, will be accomplished by gathering information from the industry, forwarding applications for material by industry to the WPB, and finally, allotment by the WPB of material to industry.

ABA Booklet To Aid Banks In Treasury's Victory Fund Financing

Plans for the participation of banks throughout the country in the Treasury's $9,000,000,000 Victory Fund war financing drive in December are set forth in a booklet sent Nov. 27 by the American Bankers Association to its entire membership of more than 14,000 banks. Key bankers in every Federal Reserve district have been enrolled in Victory Fund Committees and in sub-committees in all States and most counties and municipalities. Approximately 45,000 volunteer workers, largely from the banks, are contributing their experience and their knowledge of the investment habits of their communities to the Treasury's drive for funds.

These volunteers, it was announced, would carry the Treasury's drive directly to the doorsteps of individual investors, municipal and county officials, endowed educational, social and religious institutions, fraternal organizations and large and small corporation bank depositors.

The A. B. A.'s booklet sent to its membership points out that the Treasury's December offering includes securities that will appeal to every type of investor from those who buy United States Savings Bonds to large corporations and other organizations which invest millions of dollars in single issues.

In suggesting to its members the procedure by which they could effectively and thoroughly cover the potential field for sale of the Treasury's securities, the A. B. A. urged the banks to prepare complete lists of prospects likely to be interested in buying the securities.

Such a list of prospects should include, the booklet says, individual investors, whether or not they have bought their quotas of United States Savings Bonds, who may be prospects for other Treasury issues; counties, various school funds, pension funds, and other sinking funds; cities, towns and villages; school districts, endowed institutions, universities, colleges, hospitals, religious institutions; insurance companies—life, casualty and fire; labor orgaizations, service groups, fraternal organizations; corporations which may have idle cash available that cannot be used for the present in the normal course of business, and small businesses having war contracts which may have produced new money for investment.

Senate Group Urges 48-Hour Work Week

In order to increase the productivity of the nation's labor force to the utmost, the Subcommittee on Manpower of the special Senate Defense Investigating Committee recently recommended lengthening of the work week to at least 48 hours "wherever practicable," stopping of labor hoarding, concentrating essential civilian production in non-defense localities and converting existing plants for war production expansion.

The report of the sub-committee, headed by Senator Kilgore (Dem., W. Va.), said that "the manpower problem is too difficult and complex to be solved by any simple solution such as creating a manpower czar or authorizing by statute a Government agency to determine by coercion where each employee shall work," and that "the administrative machinery would be too cumbersome."

With respect to lengthening of the work week in war industries to 48 hours, the group proposed that "any additional overtime wages which are paid should be required to be paid in war bonds cashable only at the end of the war and to be used during the war only to pay Federal taxes."

The report also said:

"Suspending the 40-hour week in non-war industries, with the proviso that employers be permitted to pay overtime to the extent paid in 1942, should be studied as a possible answer to severe labor shortages in our civilian industries."

In order to assure a sound basic approach to the problem, the subcommittee on manpower recommended that "military manpower and war production plans be balanced against our over-all manpower resources, that a single head be made responsible for the manpower program and that this director know and have a voice in final determination of military and war production manpower demands."

The subcommittee further suggested so as to insure orderly withdrawals of men from industry for the armed forces, that Army and Navy recruiting be eliminated, that volunteering be permitted only when local draft boards and manpower committees approve and that essential workers be deferred.

In order to facilitate the bringing into the nation's labor force of the 4,000,000 to 7,000,000 additional workers estimated to be needed by the end of 1943, the subcommittee called for further reduction in production for civilian use, expanded training programs, relaxation of restrictions on the employment of handicapped persons, and the enlargement of nursery schools so that more mothers may work.

FDR Declines Prophecy On Duration Of War

President Roosevelt declared on Dec. 1 that he was not making any guesses as to when the European war might end.

When told at his press conference that Oliver Lyttleton, British Minister of Production, had said in Washington on Nov. 30 that the European phase of the war might be won by next June, Mr. Roosevelt replied that it was all right for Mr. Lyttleton to make such a guess, but the newspapermen would take notice that the President had not made any guesses yet.

According to the Associated Press, Mr. Lyttleton told his press conference that the period from June, 1942, to June, 1943, represents the first 12 months since the war began which contains the possibility of victory. He added, however, that he did not think the war would end so soon and said that 1944 production already was being planned.

FDR Broadcasts Xmas Eve

President Roosevelt will broadcast holiday greetings to the Nation on Christmas Eve, Dec. 24, the White House announced on Dec. 12.

The President and Mrs. Roosevelt will preside over the annual national community Christmas tree ceremony on the south grounds of the White House on Dec. 24, and Mr. Roosevelt will broadcast his Christmas greetings from there.

Calendar of New Security Flotations

OFFERINGS

POTASH CO. OF AMERICA

Potash Co. of America has filed a registration statement with the SEC for 65,000 shares of capital stock, par value $5 per share. The shares are already issued and outstanding

Address—First National Bank Building, Denver

Business—It is engaged, and intends to continue to engage, in the business of prospecting for, mining, refining and distributing potassium salts, known as sylvite or manure salts, and potassium chloride, known as muriate

Offering—The 65,000 shares will be offered to the public at a price to be filed by amendment

Underwriting — Maximum number of shares to be purchased by the underwriters are 42,064 of the 73,360 shares now owned by Lehman Corp., and 22,936 of the 40,000 shares owned by General American Investors Co., Inc. The underwriters are Boettcher & Co., Denver, which will purchase 21,032 shares from Lehman and 11,468 shares from General American Investors, and Laurence M. Marks & Co., New York, 21,032 shares from Lehman, and 11,468 shares from General American Investors

Proceeds—Proceeds will be received by the selling stockholders

Registration Statement No. 2-5066. Form A-2 (12-1-42)

Registration statement effective 5:30 p.m. (EWT) on Dec. 9, 1942.

Offered Dec. 10, 1942, at $27 per share.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, DEC. 17

870 SEVENTH AVENUE CORPORATION

870 Seventh Avenue Corp. has filed a registration statement with the SEC for $4,055,200 4½% general mortgage (income) bonds.

Address—870 Seventh Avenue, New York, N. Y.

Business—Owns and operates a hotel at 870 Seventh Avenue, New York, known as the Park Central Hotel.

Offering—It is proposed by agreement to modify the terms of the registrant's 4½% general mortgage (income) bonds as follows: The holders of such bonds became entitled to fixed interest thereon at the rate of 4½% per annum on Jan. 1, 1940, and interest at that rate has duly been paid on the bonds for the years 1940 and 1941. It is proposed in lieu of fixed interest that commencing with the calendar year 1942 cumulative income interest at the rate of 4½% per annum shall be paid on assented bonds. The plan is a voluntary one and does not extend to or affect the rights of holders who do not accept the plan in the manner specified. Statement says that under the plan of modification mentioned the holders of $2,422,200 principal amount of these bonds had consented to the modification of the terms thereof as in said plan provided at the close of business on Nov. 24, 1942.

Underwriting—No underwriter.

Registration Statement No. 2-5065. Form E-1. (11-28-42)

SATURDAY, DEC. 19

PHILLIPS PETROLEUM CO.

Phillips Petroleum Co. has filed a registration statement with the SEC for 43,928 shares of common stock, without par value.

Address—80 Broadway, New York

Business—The company and its subsidiaries compromise an integrated unit in the petroleum industry, owning reserves of crude production in a number of fields in the Mid-Continent and Gulf Coast areas, natural gasoline plants and crude oil refineries, oil pipe lines, gasoline pipe lines and marketing outlets throughout Central United States and extending into adjacent areas

Underwriting—There are no underwriters in connection with this issue

Offering—Executive committee on Nov. 24, 1942, approved an issue of 43,928 shares of its common capital stock, without par value, for issuance if the company exercises an option received under date of Nov. 12, 1942, to acquire capital stock of Alma Oil Co. The latter, a Delaware corporation, has issued and outstanding 25,000 shares of common stock, par $100 per share. In consideration of $1,000 cash, the owners of 21,500 shares of stock granted to Phillips and Sunray Oil Co., an Oklahoma corporation (in the proportion of 79% to Phillips and 21% to Sunray), the option to purchase the 21,500 shares and such additional shares of the remaining 3,500 shares as said stockholders shall be able to deliver. In the event that Phillips and Sunray shall exercise such option, the consideration to be paid will be 43,928 shares of Phillips common stock, and the sum of $615,024, provided, that if the said stockholders shall be unable to deliver all of the shares of said common stock of Alma, the cash payment shall be reduced $98.40 for each share not so delivered. Stating the basis of exchange in terms of the consideration to be paid only by Phillips, the company will receive in exchange for the 43,928 shares of its common stock 18,749 and a fraction of common stock of Alma, which will be recorded on the company's books at $1,844,976

Proceeds—For exchange of stock

Registration Statement No. 2-5064. Form A-2 (11-30-42)

TUESDAY, DEC. 22

NATIONAL RESERVE ASSOCIATION, INC.

National Reserve Association, Inc., has filed a registration statement with SEC for 350,000 shares of common stock, par value $1 per share.

Address — Michigan Trust Building, Grand Rapids, Mich.

Business—New investment company, incorporated Nov. 11, 1942.

Offering—Sold prior to registration to officers 1,000 shares at $1 per share. To be publicly offered at $1 per share 349,000 shares.

Underwriting—No underwriter named.

Proceeds — To provide capital requirements of face amount certificate of company and for working capital.

Registration Statement No. 2-5067. Form A-1. (12-3-42)

THURSDAY, DEC. 24

SUPERIOR OIL CO. OF CALIFORNIA

Superior Oil Co. of California has filed a registration statement with SEC for 35,000 shares of capital stock, par value $25 per share. All of the stock is issued and outstanding and is being offered by W. M. Keck, W. M. Keck, Jr., and Howard B. Keck who have informed the company that the amount of stock to be offered and offering price have not been determined, and that the figures have been furnished to the company solely for the purpose of calculation of the registration fee.

Address—930 Edison Building, Los Angeles, Cal.

Business — The company is engaged principally in the acquisition of prospective oil lands; the exploitation and development of such lands; and the production and sale of crude oil and natural gas.

Underwriting—Dillon, Read & Co., New York, is the principal underwriter. A selling group consisting of certain dealers may be formed in connection with the offering of the capital stock registered.

Offering—As soon as practicable after registration statement becomes effective. The number of shares of stock to be purchased by the underwriter from each of the three sellers, the price to be paid and the offering price to the public will be supplied by amendment.

Proceeds—None of the proceeds from the sale will go to the company, but to the selling stockholders, all of whom are officials of the company. W. M. Keck is President, W. M. Keck, Jr., and Howard B. Keck both Vice-Presidents. All three also are Directors.

Registration Statement No. 2-5068. Form A-2. (12-5-42)

SUNDAY, DEC. 27

HURON BUILDING COMPANY

Barnet L. Rosset, John F. Rhodes and Charles J. Young, as trustees under a voting trust agreement dated Dec. 27, 1932, have filed a registration statement with SEC covering voting trust certificates in connection with a maximum of 2,851 shares of the common capital stock of the Huron Building Company.

Address—Suite 315, 11 South La Salle St., Chicago.

Business—Office building.

Offering—Certificates are already outstanding in the hands of registered owner and it is only proposed that date of termination of trust agreement will be extended for five years from Dec. 27, 1942, without exchange of new securities.

Underwriting—No underwriter.

Proceeds — Extension of voting trust agreement.

Registration Statement No. 2-5069. Form F-1. (12-8-42)

MONDAY, DEC. 28

STEEP ROCK IRON MINES LIMITED

Steep Rock Iron Mines Limited has filed a registration statement with SEC covering $2,250,000 5½% sinking fund debentures, due Dec. 1, 1957.

Address—25 King St., West, Toronto, Ontario, Canada.

Business—Mining. Company owns property comprising approximately 7,000 acres in the Steep Rock Lake area, near Atikokan, Ontario, Canada, containing large bodies of high-grade iron ore. The property includes all of Steep Rock Lake, under which the known ore bodies lie.

Underwriter—Otis & Co., Cleveland, O., is principal underwriter. In the underwriting agreement Otis & Co. agreed to purchase and the company has agreed to sell the $2,250,000 face amount of debentures covered by the registration statement and 562,500 shares of the company's capital stock. The rate to be paid by the underwriter for each $1,000 face amount of debentures and shares of stock will be supplied by amendment. The capital stock is to be deposited under a voting trust agreement.

Offering—Price to the public per unit consisting of $1,000 face amount of debentures and a number of voting trust certificates for capital stock to be offered with debentures will be furnished by amendment.

Proceeds—For plant, equipment, drilling, development and working capital.

Registration Statement No. 2-5070. Form A-1. (12-9-42)

STEEP ROCK IRON MINES LIMITED

Donald M. Hogarth, Julian G. Gross and Russell D. Bradshaw, voting trustees, have filed a registration statement with SEC for voting trust certificates for 562,500 shares of capital stock without nominal or par value of Steep Rock Iron Mines Limited.

Address—3100 Canadian Bank of Commerce Building, Toronto, Ontario, Canada. Address of corporation, 25 King St., West, Toronto.

Offering—See registration statement of Steep Rock Iron Mines Limited No. 2-5070.

Proceeds—To deposit shares in a voting trust.

Registration Statement No. 2-5071. Form F-1. (12-9-42)

WEDNESDAY, DEC. 30

BEDFORD PULP & PAPER CO., INC.

Bedford Pulp & Paper Co., Inc., has filed a registration statement with the SEC for $700,000 face amount of first closed mortgage 5% sinking fund bonds. The bonds will be dated Dec. 1, 1942, and mature Dec. 1, 1949.

Address—Big Island, Va.

Business—Company is engaged in the manufacture, distribution and sale of Nine Point paperboard. This is a paper material which is used to form the inner corrugated part of corrugated paperboard employed in making containers for packing and shipping merchandise. Plant is located at Big Island, Va., where company also owns water rights and hydraulic works on the James River. A wholly-owned subsidiary, Bedford Timber & Land Corp., owns and leases timber lands from which the company derives a part of its supply of pulpwood.

Underwriting—Coffin & Burr, Inc., Boston, is named the principal underwriter.

Offering—It is proposed to offer the bonds to the public at 99¾.

Proceeds—The net proceeds to be received by the company from the sale of the first closed mortgage 5% bonds is estimated at $658,910 and they will be used, together with $289,000 of 5% debenture notes which are to be issued concurrently with these bonds, to retire $225,000 face amount of Series A mortgage bonds 4% and $714,000 Series C mortgage bonds 5%, total $939,000. The remainder of the cash proceeds from the sale of the bonds will be added to the working capital of the company.

Registration Statement No. 2-5072. Form A-2. (12-11-42).

MONTROSE HOTEL, INC.

Barnet L. Rosset, Charles J. Young and Abraham Greenspahn, as trustees under a trust agreement dated July 1, 1932, have filed a registration statement with SEC for voting trust certificates representing a maximum of 2,697 shares of the common capital stock of Montrose Hotel, Inc., each having a par value of $50 and deposited under the voting trust agreement.

Address—Of issuer, Suite 315-11 South La Salle St., Chicago. Location of hotel, Fortieth and Main Sts., Kansas City, Mo.

Business—Hotel.

Underwriting—No underwriters.

Offering—Date of proposed offering or delivery of voting trust certificates Dec. 31, 1942. Certificates are already outstanding in the hands of registered holders and it is only proposed to extend trust agreement for five years from June 30, 1942, with privilege of interim withdrawal of certain conditions.

Proceeds—To extend voting trust agreement.

Registration Statement No. 2-5073. Form F-1. (12-11-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMPAL-AMERICAN PALESTINE TRADING CORP.

Ampal-American Palestine Trading Corp. has filed a registration statement with the SEC for 182,000 shares 4% preferred, cumulative non-voting stock, par value $5 per share

Address—1440 Broadway, New York City

Business—The corporation was organized for the purpose of developing trade relations between the United States and Palestine and its surrounding territories; to assist in the development of the economic resources of Palestine and to afford financial aid to commercial, banking, credit, industrial and agricultural enterprises, cooperative and otherwise, in and relating to Palestine. Company was organized Feb. 6, 1942, in New York.

Underwriting—There are no underwriters. The securities will be sold through the efforts of the directors and employees of the issuer

Offering—The offering price to the public will be $5.50 per share, for a total of $1,001,000. Date of proposed public offering is Dec. 1, 1942

Proceeds—A number of schemes for investment by the corporation of the proceeds of this issue have been considered by its directors. No final decisions have been reached, and no commitments have been made, except that, in a general way, and subject to re-examination, the directors believe that the corporation could with profit to itself and with substantial benefit to the economic organization of Palestine, make investments for the purposes indicated in its organization

Registration Statement No. 2-5061. Form A-1. (11-19-42)

Amendment filed Dec. 7, 1942, to defer effective date.

P. L. ANDREWS CORP.

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1943 to 1957.

Address—7800 Cooper Ave., Glendale, New York, N. Y.

Business—General character of the business done by the corporation is the design, development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

Underwriting—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

Offering—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

Proceeds—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

Registration Statement No. 2-5058. Form A-2 (10-28-42)

Request for withdrawal of specified material filed Nov. 18, 1942

Amendment filed Nov. 30, 1942, to defer effective date

CURTISS CANDY CO.

Curtiss Candy Co. has filed registration statement with the SEC covering 30,000 shares of participating preferred stock, par value $100

Address—622 Diversey Parkway, Chicago

Business—Company is one of the largest and leading candy and confection manufacturers in the United States

Offering—Registrant proposes to offer the participating preferred shares registered, at $100 per share. The entire amount of the consideration received shall be credited to capital account. It is not proposed to pay any commissions or underwriting fees with respect to the sale of the stock. Approximate date of proposed public offering Nov. 25, 1942

Underwriting—There is no commitment of any kind with respect to the sale or underwriting of the securities registered

Proceeds—Will be used principally in the acquisition of similar types of business $700,000; additional farm lands $750,000; trucks $100,000; raw commodities for purpose of stabilizing inventory $250,000; to provide funds for payments under pension and profit-sharing plans for its employees $900,000; in reduction of indebtedness on farm properties $200,000, and for additional working capital $75,700

Registration Statement No. 2-5059. Form A-2. (11-14-42)

Hearing on suspension of registration set for Dec. 15, 1942, as SEC states it has reasonable cause to believe that statement includes "untrue statements of material facts"

FIREMAN'S FUND INSURANCE CO.

Fireman's Fund Insurance Co. has filed registration statement with SEC for 64,086 shares of $10 par value common stock

Address—San Francisco, Calif.

Business—Fire, motor and marine insurance, etc.

Offering—After reclassification of securities to offer 33,738 shares of Fireman's $10 par common and scrip for fractional shares in exchange for 44,984 shares of $10 par common of Home Fire & Marine Insurance Co. of California on basis of 75/100ths share of Fireman's Fund for one share of Home; and 30,348 shares of Fireman's in exchange for 67,440 shares of $10 par com- of 45/100ths share of Fireman's Fund for mon of Occidental Insurance Co. on basis one share of Occidental

Underwriting—There are no underwriters

Proceeds—To be issued under plan of exchange

Statement filed in San Francisco

Registration Statement No. 2-5051. Form A-2. (10-15-42)

Registration statement effective 4:30 p.m. (EWT) on Dec. 1, 1942.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956, and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Nov. 28, 1942, to defer effective date

GRAND FORKS HERALD, INCORPORATED

Grand Forks Herald, Incorporated, has filed a registration statement with the SEC for $170,000 4½% first mortgage serial maturity bonds, dated Sept. 1, 1942. Bonds will mature as follows: $12,000 on each Sept. 1 from Sept. 1, 1943 to and including Sept. 1, 1951; $62,000 on Sept. 1, 1952

Address — 118 North Fourth Street, Grand Forks, N. D.

Business—Newspaper publication

Offering—Bonds are to be offered at prices ranging from 100.50 and interest to 104.08 and interest

Underwriting—Kalman & Co., Inc., St. Paul, is the sole underwriter

Proceeds—The net proceeds, together with other funds of the corporation, are to be used to retire as of Jan. 1, 1943, the corporation's 6½% 15-year sinking fund debenture bonds due Sept. 1, 1944

Registration Statement No. 2-5049. Form A-2. (10-12-42)

Registration effective 5.30 p. m. ESWT on Nov. 9, 1942

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed Nov. 9, 1942, to defer effective date

NEIMAN-MARCUS CO.

Neiman-Marcus Co., Dallas, Texas, has filed an amended prospectus with the SEC in connection with the public offering of $700,000 5% cumulative preferred stock, par value $100 per share. According to amended prospectus the public offering price has been reduced from $100 to $92.50 per share, effective Nov. 15, 1942. Statement says that principal underwriters will grant concessions to dealers constituting the selling group of $6 per share. The principal underwriters have also discontinued stabilizing the price of such shares

The registration statement was originally filed Nov. 19, 1942, No. 2-4581, Form A-2. Offering price to public at that time was given as $100.50, with underwriting discounts or commissions of $5.50 per share. Amended prospectus dated May 1, 1942, stated that 1,566 shares of the 7,000 shares covered remained unsold in the hands of the principal underwriters and selling group and price to public was lowered to $100 per share. Amended prospectus does not indicate number of shares still remaining in hands of selling group

Principal underwriters were Moss, Moore & Cecil, Inc., and Dallas Rupe & Son, Dallas, Texas

Company owns and operates retail specialty shop located in Dallas, Texas

NU-ENAMEL CORPORATION

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

Registration Statement No. 2-5029. Form A-2. (8-1-42)

Nu-Enamel Corporation on Aug. 26 filed an amendment to its registration statement giving the public offering price at $2 per share

Registration effective 5:30 p.m. EWT on Sept. 14, 1942

TRIUMPH EXPLOSIVES, INC.

Triumph Explosives, Inc., has filed a registration statement with the SEC for voting trust certificates for 499,722 shares of common stock, par value $2 per share

Address—Fourth Avenue at Wood Street, Pittsburgh, Pa. Plant located at Elkton, Maryland

Business—Manufacturer of fireworks, flares, etc.

Uunderwriting—No underwriters.

Offering—Date of proposed offering or delivery of voting trust certificates Dec. 18, 1942. Peoples-Pittsburgh Trust Co., Pittsburgh, trustee. The voting trust is for the duration of the war, but not exceeding ten years from Oct. 1, 1942, the date of the voting trust agreement. The agreement may be terminated earlier by the voting trustees with the written consent of the holders of v.t.c. representing a majority in par value amount of the stock deposited thereunder

Registration Statement No. 2-5063. Form F-1 (11-25-42)

Registration statement effective 2:45 p.m. (EWT) on Dec. 7, 1942.

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 848

Amendment filed Dec. 5, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, **Heat and Power Co. registered 25,000 shares $100 par common stock**

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwiiter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.3 for each unit. On a share basis, stockholders may subscribe to 5 new share for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. **Form A-2** (3-30-40)

Amendment filed Dec. 2, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be eithe sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price."

Amendment filed Dec. 12, 1942, to defer effective date

NYSE Short Interest Lower On Nov. 30

The New York Stock Exchange announced on Dec. 10 that the short interest existing as of the close of business on the Nov. 30 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 551,053 shares, compared with 558,446 shares on Oct. 30, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Nov. 30 settlement date, the total short interest in all odd-lot dealers' accounts was 27,655 shares, compared with 23,472 shares on Oct. 30.

The Exchange's announcement further said:

"Of the 1,242 individual stock issues listed on the Exchange on Nov. 30, there were 24 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of Nov. 30, exclusive of odd-lot dealers' short positions, was 433 compared with 452 on Oct. 30."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1940—	
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
Apr. 30	530,636
May 29	534,396
June 30	514,158
July 31	*517,422
Aug. 31	532,867
Sept. 30	548,365
Oct. 30	558,446
Nov. 30	551,053

*Revised.

Canada Called Major Industrial Nation

The expansion of the productive industry of Canada since the beginning of the present war has been such that Canada has risen to the rank of a major industrial nation, Huntly R. Drummond, President of the Bank of Montreal, told shareholders at their annual meeting in Montreal on Dec. 7. It was the 125th annual meeting of the institution, which is the oldest chartered bank in Canada. As is customary, the meeting was attended by many of the business leaders of the Dominion.

This wide expansion of industrial production, Mr. Drummond pointed out, has been financed by taxation and Government borrowings, the Government providing the money, guaranteeing the overhead and providing the market for the output. These conditions, he said, would not, and could not, obtain after the war. "Then," he asserted, "we must look to the initiative and trained experience of private enterprise to reverse the process, in which it has been so successful, and to convert our war factories to the production of peace-time goods."

Referring to Canadian banks in general, Mr. Drummond said that while giving credit to the Government for the conduct of its finances in this war, it was the work done by the banks of the Dominion before and during the war which had laid broad and firm the foundation on which the Government's efforts are founded and which in fact made them possible. In part, Mr. Drummond also stated:

"If the health of the country is sound, in a monetary sense, it is largely due to the wise conduct by the banks, over many years, of their own affairs, and their help and guidance on the business affairs of all Canadians. Thus today they are able to support to the full the Government in its stupendous task of financing the war. We can fairly claim that in Canada our banking system has more than justified its existence and, with irrefutable facts, answer those who talk of the State taking over the banks."

Commenting further on the unparalleled expansion in manufacturing that has taken place Mr. Drummond said that "with the present income and excess profits taxes no company today can retain large profits. Industry is working, not for profit but for furtherance of our war effort, and merits our unstinted praise." He added:

"Nevertheless, it is vital to the future welfare of the country that industry should be allowed to retain sufficient reserves to enable it to meet the strain of re-converting plants to the production of peace-time goods at the end of the war."

G. W. Spinney, in his address to the shareholders, as general manager of the bank, illustrated the magnitude of the Government's expenditures by stating that for the six months ended Oct. 31st they had been at the average of $357,000,000 a month, as compared with $55,000,000 a month in any year of the First World War. He expressed the view that the Government's war financing through the chartered banks had so far been kept within reasonable and manageable proportions and said that while the mounting debt is increasing the interest burden, the total interest charges are at present less than 10% of the Dominion revenues.

OPA Point Rationing To Start In January

Ration stamps are to take on new importance in the buying habits of the American housewife when War Ration Book Two is put into the public's hands, the Office of Price Administration said on Dec. 9. The new book which will be issued in January will be used to ration goods under a "point system" which is different from straight coupon cashing under sugar and cofee rationing.

In explaining the plan, the OPA said:

"Sugar is rationed by a comparatively simple method known as the unit system. Under this system the total supply of sugar available for civilian use is divided on a per capita basis, allowing each person an equal share. Sugar can be rationed in this way because it is an essentially uniform article and the supply is large enough so that every one can have a useable quantity.

"While the unit system is excellent for rationing sugar, it cannot be used for rationing foodstuffs that are diversified. Using meat as an example, OPA officials said it would be impossible to divide the total supply of each kind of meat on a per capita basis because there are too many types of meat (beef, pork, veal, mutton and lamb, for example); too many different cuts of each type (chops, roasts, steak and boiling meats), and too many grades of each type and cut.

"The supply of some cuts is so small that if it were divided equally among the total population, the individual share of a particular cut might be too small to be practical. Furthermore, tastes vary and not all persons want some cuts.

"The point rationing system is designed to ration foods that, like meat, cannot be rationed by the unit system. OPA officials said that certain basic principles were followed in working out the new point system. It provides a fair share for everyone, and includes the element of freedom of choice for the consumer. It is thoroughly American and will allow for various climatic and economic conditions in the United States.

"Under the point rationing system, the Government will group scarce commodities that are similar or related and ration the whole group. Each commodity in the group will have a point value. Every consumer will be alloted a certain number of ration points to spend for any of the rationed items.

"The stamps in War Ration Book Two are worth one, two, five or eight points. In addition to the point value, each stamp has an identifying letter to indicate the time period in which the stamp may be used. Purchase of rationed commodities must be paid for with point stamps and money. The same stamps will be used to buy any of the rationed items in a particular group.

"Different commodities will have different point values. A pound of one kind of meat might be valued at 8 points a pound, while a pound of another kind of meat slightly more plentiful might be valued at six points a pound. Consumers will spend their points on the basis of individual preference.

"The Government will determine the point value of each commodity on the basis of supply and demand. A low point value will be given to those commodities that are relatively plentiful while a high point value will be given to those that are comparatively scarce.

"As the demand or supply situation changes, the point values will be changed correspondingly. For example, if a certain cut of meat becomes scarce, the Government could increase its point value to discourage buying. On the other hand, if a cut becomes plentiful the Government can decrease the point value to encourage buying.

"For the housewife, point rationing will introduce a new 'currency' which will require the same care in budgeting as the housewife gives in planning her week's expenditures of money."

Rent Control Extended To 68 More Areas

Continuing to spread Federal control of residential rents throughout the nation as rapidly as possible, Deputy Administrator Paul A. Porter announced on Nov. 16 that 68 more defense-rental areas would be brought under control by the Office of Price Adminisrtation on Dec. 1. The announcement stated in part:

"Orders cutting rents back to levels prevailing on March 1st of this year are being issued for the 68 areas immediately. In addition, control is being extended to include the entire defense-rental areas of Grand Rapids-Muskegon, and Kalamazoo-Battle Creek in Michigan where control had been made effective in one county in each area on Oct. 1.

"Scattered across 33 States from Maine to California, the Dec. 1st areas, with a population of over 6,000,000, include such cities as Bangor, Maine, Portsmouth, N. H., Jackson, Miss., Nashville, Tenn., Richmond, Va., Charleston, W. Va., Lincoln and Omaha, Neb., Tucson, Arizona, and Santa Barbara, Calif.

"The action Dec. 1 will extend Federal rent control to 355 defense-rental areas in which 76,000,000 persons live.

"For rent payers in the new areas, OPA's maximum rent regulations mean that on paying December rents, whether for a house, an apartment, or similar accommodations, tenants are to pay no more than the same accommodations were bringing on March 1st of this year. The chief exception to this over-all rule comes when the quarters have been substantially changed since that date by a major capital improvement. Any reduction is automatic, and does not need the approval of the landlord before payment of the reduced amount.

"Of the 398 defense-rental areas designated prior to the over-all designation of Oct. 5, only 43 areas remain in which Federal control has not been made effective. As to these 43 areas, Deputy Administrator Porter, who is in charge of the rent department, said:

"All defense-rental areas are under continuing study, those in which regulations have been made effective, as well as those not yet under actual regulation. As rapidly as the situation warrants, and as it becomes administratively feasible, the rent department will continue to extend its control of rents.

"It will be just six months on Dec. 1 since maximum rent regulations went into effect in the first 20 defense-rental areas," Mr. Porter continued. "And in addition to those areas which had already been designated we made the rest of the nation subject to control by designation as defense-rental area all sections not previously designated.

"In this six months the rent index has dropped, evictions have been effectively checked, and Federal rent ceilings have been placed over the rents paid by nearly every urban resident and by persons in rural communities within controlled defense-rental areas."

As to those areas designated on Oct. 5, OPA pointed out that under the Emergency Price Control Act. 60 days must pass from date of designation before OPA may issue a maximum rent regulation, and can take such action then only if investigation shows that recommendations made at the time of the designation have not been met. The Oct. 5 designations named as defense-rental areas all portions of the country not previously designated.

FDR Favors $25,000 Limit On All Incomes

President Roosevelt told his press conference on Dec. 1 that the new Congress faced the challenge whether individual income from all sources, including salary, should be limited to an annual net of $25,000.

Discussing the $25,000 net salary order, the President said that there was criticism developed since the order did not affect income from investments. Mr. Roosevelt emphasized that the limitation permits individuals to be paid a gross income of $67,200, which, after payment of Federal taxes, life insurance commitments and fixed obligations, would bring it to a net of $25,000.

The President intimated that he might explain the subject in a radio address which he plans to make before Jan. 1. In illustrating his point Mr. Roosevelt connected the present war salary limitation program with the situation in 1933 when the railroads, facing bankruptcy, were ordered to restrict their Presidents' salaries to a $60,000 limit.

Congress has twice previously refused to follow the President's wishes for a $25,000 top limit on income, after taxes, and the matter is certain to come up again, probably when the new Congress gets the Treasury's request for additional revenue.

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The Business Man's Bookshelf

Democracy as a Principle of Business (Appendix B of the forthcoming book, "Price-Making in a Democracy")—by Edwin G. Nourse—The Brookings Institution, Washington, D. C.—25c.

Outlay and Income in the United States, 1921-1938—by Harold Barger—National Bureau of Economic Research, 1819 Broadway, New York City—$2.50.

MacDonald & Co. Will Merge With Bioren Co.

PHILADELPHIA, PA. — At a dinner held Monday evening at the Racquet Club it was announced that the Stock Exchange firms of MacDonald & Company and Bioren & Co. will be merged as of Jan. 1, 1943 under the name of Bioren & Co.

Inasmuch as the nature of business and policy of the two houses are similar, it was looked upon by the financial community as a "natural" combination, according to E. Clarence Miller, senior partner of Bioren & Co.

The firm of Bioren & Co. was organized in 1865 and the partners of MacDonald & Company have been associated with the brokerage business for the past 35 years. The resultant combination is, therefore, not merely a merging of financial interests but a pooling of long experience in the business.

Harry MacDonald will become a general partner of Bioren & Co. and Raymond Ollis will also be associated with the firm. The Germantown Office of MacDonald & Co. will be retained by Bioren & Co.

Bioren & Co. are members of the New York Stock Exchange, Philadelphia Stock Exchange and Associate Member of the New York Curb Exchange. They maintain complete facilities in their trading department in public utility, railroad and municipal bonds, as well as the service of a statistical department.

J. M. Klein Co. In N. Y. C.

Jacob M. Klein is engaging in a securities business from offices at 1775 Broadway, New York City, under the firm name of J. M. Klein Company.

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Our Reporter On "Governments"

This is going to be a "technical column," an analysis of purchases being made by various institutional investors today and a study of the propriety as well as the shrewdness of some of those purchases. . . . To be specific, the point at issue right at the start is the comparative value of buying the "c.is", especially the new ⅞s, or the 1¾% bonds of June 15, 1948. . . . The problem is which is the better issue for a business corporation or institution with funds believed fairly safe for one to five years. . . . The secondary angle is which is the more patriotic gesture—purchase of the ⅞s due Dec. 1, 1943, or purchase of the 1¾s due in five years. . . . And a point coming up later is just how smart and helpful is the investor who places the bulk of his funds in tax notes. . . .

There are two ways to look at this situation. . . . From your point of view as an investor and from the Treasury's point of view as the issuing agency of securities which must be bought for victory. . . . Let's start with the first and move into the heart of this argument without delay. . . . Here are the basic points:

(1) It is wiser to buy the 1¾s today than the ⅞% certificates of indebtedness. . . .

(2) Chances are purchase of the longer-term securities will be just as safe as purchase of the ⅞s due in one year. . . .

(3) The money market can tighten considerably over the next five years without pushing the 1¾s below par. . . .

(4) While holding the 1¾s, of course, you get twice as much interest as would be available on the ⅞s. . . .

(5) Purchase of the ⅞s by any ordinary business corporation with fairly stable cash reserves is somewhat akin to purchase of interest-bearing currency and scarcely can be called an all-out gesture of cooperation on the finance front. . . .

(6) If thorough analysis of the two securities is made, the conclusion well may be that the investor buying the ⅞s in the expectation that he has the safest Government security available at a good return is in truth "outsmarting himself." . . .

These are strong statements but they may be backed up and a good story right here may be pertinent. . . . According to an informed source, one well-meaning salesman for the Victory Fund Committee in New York last week was badgering a business corporation to switch out of its ⅞s into the 1¾s. . . . The corporation's executives became annoyed, telephoned the Federal Reserve Bank to complain and ask approval of the position they had taken. . . . The Reserve's spokesman is said to have answered:

"Don't be silly. Switch. It's a swell thing to do."

EVER-SHORTENING

If you've been buying ⅞s and other very short-terms the presumption is you expect to "roll them over" every year and keep your money invested on a very short-term basis. . . . All right. . . . For many institutions, that's the only smart way to act. . . . It's accepted policy too. . . . And rolling over maturities is one of the best ways known to protect yourself during periods of uncertainty in the money and bond marts. . . .

But a major reason for following this course should be your expectation of an important variation in interest rates in the coming years, and probably in the next year or so. . . . Otherwise, why penalize yourself by buying the lowest-yielding Governments on the list?

So the questions are:

Do you expect interest rates to be up considerably by next December? If not, why are you holding the ⅞s? You'll only get another ⅞ at this time a year from now.

Do you think the Federal Reserve and Treasury authorities are going to permit a prime drop in securities due in the eight-year range? If so, you must also believe our Government cannot control this market even though other nations have been able to do what they wished with their own and to date so has this Administration. And you must also believe that the banks and other money-dependent institutions are going to be in a bad way soon, for they hold the inside-10-year maturities in the billions. . . .

If not, why are you holding the shortest-terms and least attractive (from an income viewpoint) Governments?

And now to the second step in this argument which has nothing to do with your own personal answers to these questions. And that is that the 1¾s, due in five years, are getting shorter all the time. . . . Every month, they become a shorter-term bond carrying 1¾% interest, which is nothing to scoff at in this period of low money rates. . . .

SOME COMPARISONS

Let's figure the 1¾s as they may be two years from now. . . . Then they'll be a three and one-half year bond due in June, 1946. . . .

Now, the 1s of March 15, 1946 are on a 1.26% yield basis. . . . The 1½s of Dec. 15, 1946, are on a 1.48% yield basis. . . . The "then" 1¾s of June, 1946, would be on a 1.40% yield basis, for they fall between these two. . . .

If the market is at the same interest and price level two years from now, the 1¾s, obviously, would be worth a substantial premium. . . .

If the market declines and interest rates harden, a leeway between 1.75% and 1.40% would allow the 1¾s some decline before they would hit 100. . . . In other words, money rates can stiffen and the 1¾s still will be worth 100 plus. . . .

The basis of the argument now shows up. . . . The fact that the 1¾s are in the five-year range and that they constantly move closer to maturity makes them attractive in comparison with the ⅞s—even though money rates may harden. . . . And there's some doubt that they will. . . .

WHAT TO BUY

There's nothing too patriotic about purchase of the ⅞s or tax notes (in excess of tax needs) by a business corporation. . . . Really, that type of investor is buying interest-bearing currency and there's no point in sidestepping the issue. . . . For commercial banks and some special institutions, of course, the purchase of "roll-over" securities is imperative. . . . But not for the ordinary corporation. . . .

Similarly, going too far out and buying huge amounts of the 2½s may not be wise. . . . That may be taking too much of a chance, if the cash is not certain. . . .

So let's say the 1¾s and securities due in the eight-year range (the 2s) are the best. . . . And if there's any question about this, check your regional Federal Reserve Bank for advice. . . .

INSIDE THE MARKET

Sale of "December basket" still going magnificently, with the big $2,000,000,000 jump due as soon as books close on Friday on commercial bank purchases of the ⅞s. . . .

Up to $7,000,000,000 securities of all types reported sold early this week, with another $1,000,000,000 of outside purchases believed certain and the $2,000,000,000 boost coming. . . .

Which means the deal will be over the top by a nice margin this week-end. . . . Books are scheduled to be closed Dec. 23, the original hope and dream. . . .

Insurance company re-entrance into the market for more 2½s may come and will if companies are convinced it's necessary. . . . Whether they'll come in when they know the deal is over the goal, though, is another point. . . .

Several big corporations also can come in if coaxed. . . . But they may not now that the news is around about the success of the offering. . . .

No major financing expected until April of size of this deal by several sources. . . . In February, a few billions may be borrowed, it is said. . . . March is a bad month for borrowing (obviously!) and that means April. . . .

"On sale" 2½s certainly shouldn't be opened until April. . . .

Tax note sales especially big, will get bigger, adding to total shown. . . .

Market is quiet, uninteresting and uninspired. . . . Big interest in the new issues, which is natural, of course. . . .

Coney Elected V.-P. Of Pittsburgh Bank

CLEVELAND, OHIO—Directors of the Union Trust Company of Pittsburgh have elected Aims C. Coney a vice-president. Mr. Coney has been vice-president of the National City Bank of Cleveland for several years and assumed his new duties Dec 14. Mr. Coney was well known in Cleveland where he was in charge of the investment department of the National City Bank, and previously had served with the Union Trust Company in the same capacity.

It is understood that Mr. Coney's services with the Pittsburgh bank will be similar to those performed at the National City.

Savings Earn With Safety In Insured Investment

First Federal Savings and Loan Association of Philadelphia, 1332 Point Breeze Avenue, Philadelphia, Pa., will send upon request to investors, trustees and other fiduciaries detailed information explaining the desirability of investing funds in insured Federal Savings and Loan investments.

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Zeigler Coal Looks Good

Common Stock of the Zeigler Coal & Coke Company offers a particularly attractive situation at the present time according to a circular issued by Kneeland & Co., Inc., Board of Trade Building, Chicago, Ill., since the stock is now paying dividends and has prospects of larger dividends because of earnings, depreciation and depletion allowance, favorable tax position, and small debt. Copies of the circular, which is available to dealers only, may be had from Kneeland & Co. upon request.

War Bond Committee Appointed By NSTA

William Perry Brown, President of the National Security Traders Association, has appointed the following members of the War Bond Committee for the coming year:

Frank P. Meyer, Chairman, First of Michigan Corporation, Detroit, Mich.

George V. Jackish, Harris, Upham & Co., Minneapolis, Minn.

Andrew Tackus, Putnam & Company, Hartford, Conn.

Henry J. Richter, Scherck, Richter Co., St. Louis, Mo.

Ludwell A. Strader, Scott, Horner & Mason, Inc., Lynchburg, Va.

Frank P. Meyer

George V. Jackish

Andrew L. Tackus

Henry J. Richter

Final Edition THURSDAY In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

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Over 25% Of Life Insurance Assets Invested In U. S. Government Bonds

Life insurance investments in United States Government bonds will reach approximately $9,300,000,000 at the end of this year, or more than one-quarter of the total admitted assets of all United States legal reserve companies, according to a survey by the Association of Life Insurance Presidents. The results of the survey are contained in a report submitted, Dec. 11 to member companies by Vincent P. Whitsitt, Manager and General Counsel of the Association.

It is also disclosed that the amount of Federal securities held by all such life insurance companies at the end of 1942 will be 26.7% of their total admitted assets of $34,750,000,000. The estimated increase in their Federal security holdings will be nearly $2,300,000,000 during 1942, or more than the entire increase in total assets for the year, according to the report, which described the increase as "a direct aid by life insurance in the prosecution of the war."

Corporate bonds and real estate mortgages also were cited as types of investments having a significant bearing on the war effort. At the end of 1942, nearly one-third of life insurance company assets, or an estimated total of $11,000,000,000, will be invested in corporate securities "representing investments in industries supplying transportation, communication, power, light, water, gas, electricity, and many other vital public services, and in industries supplying such essential necessities as steel, iron, lead, aluminum, copper, brass, chemicals, rubber, fibers, textiles, automotive products, drugs, meats, groceries and grains." Nearly one-fifth of total admitted assets, at the end of 1942, or approximately $6,500,000,000, will be in real estate mortgages "representing investments in such vital facilities as farms, small homes, apartment houses, hotels, office buildings and factories."

The foregoing figures, for all companies, were estimated from actual data of 49 companies having 91% of the total admitted as-

(Continued on page 2165)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

One of our dignitaries to whom the war has given the great thrill of meeting Stalin tells this story:

He became convinced that Stalin is a hard-boiled, realistic, able man, and that Stalin has a tremendous admiration for Winston Churchill as an able and realistic man. But what burns him up about Churchill is the latter's ability to get more out of Roosevelt than he, Stalin, can. Because of this, Stalin is forever indignant against the British Prime Minister. It is, in fact, according to our dignitary, largely responsible for Stalin's feeling against his rival big shot.

It seems a shame that our traditional sappiness should be the cause of friction between two of the United Nations. It brings up the serious question of whether our sappiness should not be revised and brought up to date. As long as it affected no one but the 130 million saps within our own borders, there was no reason to tamper with it, except that so much of our national life has been tampered with in recent years, it is amazing that this one phase was left untouched. Manifestly now, however, in the light of the discord being caused among our allies, something must be done.

It might be, too, that a thorough exploration of our sappiness by a committee composed of representatives of the public, the Government, management and labor, might lead to helpful results in still another field. It might, indeed, help us out of the dilemma being enthusiastically imposed by those well-known controversialists, Dorothy Thompson and Wendell Willkie, together with their agitating cohorts. What they are doing, of course, is taking advantage of our national hypocrisy every time we go into war in Europe. Instead of explaining our action in realistic blunt terms we have to wrap it up in a lot of high idealism, such as applying democracy to the world, or the four freedoms, or of guaranteeing every inhabitant on the face of the globe a quart of milk a day. This always throws us into a state of confusion and brings us no end of trouble.

For example, any observer of reasonable ability knows that a Pandora's box of domestic trouble is now being stirred up by groups which are demanding: "If this is

(Continued on page 2164)

Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.

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THE FINANCIAL SITUATION

Late last week the President made another of the required quarterly reports on the operations of Lend-Lease. The facts and figures presented are impressive. Without question this arrangement is proving to be an effective instrument in the necessary pooling of the resources of the United Nations in the prosecution of the war. It is for that reason the more unfortunate that it is impossible to let the matter rest there. Of course, no one who has cut his eye teeth has ever supposed that a device had been discovered or invented which would spare us the cost of the aid we furnish our allies, in part, of course, before they were our allies. The lending, leasing and possible returning of materials furnished has always been recognized by thoughtful observers as mostly hocus-pocus. The cost of the aid we are furnishing, as now reported—at the rate of some $10,000,000,000 per year as compared with a rate of some $8,000,000,000 three months ago—is naturally a reminder of the cost of the scheme, but the cause of complaint lies elsewhere.

Lend-Lease and the Peace

What is increasingly disturbing about this Lend-Lease arrangement and the operations under it is the plain, even the avowed purpose of employing it for ends which have nothing to do with winning the war. The Lend-Lease Act was urged upon Congress and finally enacted by it for the purpose of "promoting the defense of the United States." The President, without any authorization from Congress, is deliberately and carefully laying plans to employ it to "win the peace" as he is fond of terming it. The end result may well be anything but to the liking of the people of the United States. The sums involved are huge. Three months ago appropriations to the President under this Act amounted to the sum of $18,410,000,000, and the transfers for Lend-Lease purposes from various other appropriations are much greater, amounting in all at that time to more than $44,500,000,000. The total of the two comes to just under $63,000,000,000. How much of these huge sums will actually be employed no one can say at this time, but with some $7,500,000,000 in aid already furnished, with the current rate of furnishing it running at $10,000,000,000 per annum, and with that rate increasing about $2,000,000,000 each quarter, the sums actually involved at the close of the war can scarcely fail to be of a large order of magnitude.

The suggestion by the Lend-Lease Administrator some months ago that we employ our claims on other countries arising from this arrangement to obtain a following for our

(Continued on page 2162)

Public Welfare?

I hope that in addition to expanding unemployment insurance and old age annuities, we will provide a comprehensive system of medical care so that every person in this country may have medical and hospital care when he or she requires it, regardless of whether they can afford it or not.

The time will come when medical care will be as free as the air. It will be one of our greatest public utilities. The principles of the Beveridge report are just as applicable here in the United States as they are in Great Britain or any other country.

Let us not kid ourselves into thinking that a proper and suitable scheme of social insurance is only the dream of starry-eyed reformers. The hard-headed business man will recognize the necessity for maintaining the purchasing power of the people in periods of depression. If that purchasing power is not sustained in some way and people do not have the money to purchase the necessities of life there is set in motion a deflationary spiral which drops the whole country into idleness and destitution.—William Hodson, New York City Commissioner of Public Welfare.

What a different world this would be if the good things of life could be so easily provided!

What a better world it would be if shoemakers could be persuaded to stick to their lasts—at least until they learned another trade!

THE FINANCIAL SITUATION

(Continued from first page)

ideas of remaking the world would have been shocking indeed had the proposal not been little other than an unusually forthright phrasing of what was already plainly "in the wind." As long ago as last March the President said of the benefits accruing to us under the Act:

"The third direct benefit received in return for our aid is an understanding with Britain (and prospectively with other of our allies) as to the shape of future commercial and financial policy. Article VII of the Agreement of Feb. 23, 1942, pledges the signatories to work collectively, with all other countries of like mind for 'the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples'."

He then goes on to speak of this agreement as a "pledge of vigorous and cooperative attack against the threat of future depression by the fullest utilization of the resources of both countries."

A World Crusade?

By June the President was able to announce that "the program of lend-lease agreements is * * * emerging as a factor in the combined effort of the United Nations to weave a pattern for peace. Those agreements are taking shape as key instruments of national policy, the first of our concrete steps in the direction of affirmative post-war reconstruction." He then adds significantly that "the agreements postpone final determination of the lend-lease account until 'the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests' of the signatory nations, and which 'will promote the establishment and maintenance of world peace'." At a later point he added that "if the promise of the peace is to be fulfilled, a large volume of production and trade among the nations must be restored and sustained. This trade must be solidly founded on stable exchange relationships and liberal principles of commerce. The lend-lease settlement will rest on a specific and detailed program for achieving these ends * * *. Cooperative action among the United Nations is contemplated to fulfill this program for economic progress, in the many spheres where action is needed. It is hoped that plans will soon develop for a series of agreements and recommendations for legislation, in the fields of commercial policy, of money and finance, international investment and reconstruction."

Then follows this remarkable analysis:

"The financial costs of the war can and should be met in a way which will serve the needs of lasting peace and mutual economic well-being. All the United Nations are seeking maximum conversion to war production, in the light of their special resources. If each country devotes roughly the same fraction of its national production to the war, then the financial burden of war is distributed equally among the United Nations in accordance with their ability to pay. And although the nations richest in resources are able to make larger contributions, the claim of war against each is relatively the same. Such a distribution of the financial costs of the war means that no nation will grow rich from the war effort of its allies. The money costs of the war will fall according to the rule of equality in sacrifice, as in effort."

What Is The Meaning?

Precisely what is the President trying to say? This extract is taken from Chapter 3 of the Fifth Report to Congress on Lend-Lease Operations by the President. The chapter appears under the title "Lend-Lease and the Peace." It would appear that carried to its logical extreme, this doctrine would find us at the end of the war in debt to Great Britain on account of Lend-Lease, since that country has been devoting and probably will continue to devote a larger portion of its production to the war than we, although, of course, our Lend-Lease supplies of food has helped make it possible, doubtless, for Great Britain to make this superior showing. The President, in any event, appears to be setting forth principles for the final settlement of Lend-Lease accounts which leave him relatively little bargaining power over the British regarding post war settlements of Lend-Lease. Yet the President has always been a shrewd bargainer.

But however all these things may be, the fact remains that it has been very explicitly asserted that Lend-Lease, an instrument approved by Congress for the purpose of winning the war, is being and will be further employed by the President to gain his way with the most extraordinary schemes for post-war world affairs. Vice President Wallace has let it be known on many occasions that the Board of Economic Warfare of which he is the head is being employed extensively for precisely the same purpose, and the record shows that many, many millions of dollars are being expended under the leadership of that organization in ways which can scarcely fail to bring "grief and pain for promised joy." This latter organization and, doubtless, many of its operations, like Lend-Lease and its operations, are paying dividends in helping to win the war. It is most unfortunate that either of these organizations should be dabbling amateurishly into world politics with the hope of a new heaven and a new earth after the war.

The State Of Trade

Favorable reports were received from most industrial areas the past week, with some quarters showing new peak levels. This was the case in electric production which scored a new record high when the output as reported by the Edison Electric Institute reached 3,883,534,000 kilowatt hours for the week ended Dec. 5.

This compared with a previous peak of 3,795,361,000 kilowatt hours produced in the week ended Nov. 21, and is 13.7% above a year ago.

The electric industry expects its heaviest load of the year between now and Christmas, a seasonal factor augmented by war industry demand. For several months the industry has been meeting more demand than the peak of the 1941 season of 3,495,140,000 in the week ended Dec. 2.

Carloadings of revenue freight for the week ended Dec. 5, totaled 759,621 cars, according to the Association of American Railroads. This was an increase of 16,088 cars over the preceding week this year, 73,754 cars fewer than the corresponding week in 1941 and 21,108 cars above the same period two years ago.

This total was 117.12% of average loadings for the corresponding week of the ten preceding years.

Engineering construction volume for the week, $85,268,000, is 44% higher than the total for the corresponding week last year, but declines 17% from last week, as reported by "Engineering News-Record."

Public construction tops the 1941 week by 154% as a result of the 337% climb in Federal work, but private volume is 89% below a year ago. Both public and private construction are below a week ago, declining 17 and 16%, in that order. Federal work is 17% lower than in the preceding week.

Retail trade figures are running closer to 1941 levels than for many weeks despite the fact that consumer buying continues at a record-breaking pace for the holiday period, Dun & Bradstreet, Inc. state in their review.

Major factors in the seeming contradiction are the absence of high-priced durable goods and the shift in gift-buying habits, the latter manifesting itself in considerable volume in this division during October and November, apparently as a result of fear of shortages.

Despite normal seasonal easiness in wholesale volume, many lines reported a trading tone unusually buoyant for the season. Reports from several cities emphasized that the month to date was not proving dull for those with merchandise to sell. Mail order business was off somewhat, but more buyers made personal trips to markets in an effort to expedite deliveries and place last minute fill-in orders on holiday goods. Retailers also were placing orders for early spring now, seeking to avoid delivery delays.

Department store sales on a country-wide basis were up 9% for the week ended Dec. 5, compared with the same week a year ago, according to the Federal Reserve System. Store sales were up 12% for the four week period ended Dec. 5, compared with last year. The increase for the year was 11%.

Department store sales in New York City in the week ended Dec. 5, were 2% larger than in the like 1941 week, and in the four weeks ended Dec. 5, were also 2% above those of the corresponding period a year ago, the New York Federal Reserve Bank states.

An item of interest was the statement issued by the National Industrial Conference Board to the effect that total employment rose to a new record high of 59.5 million, a gain of fully 300,000 over September, with the continued expansion of the armed forces and the mounting demand for factory personnel.

This represents a gain of 5¼ million persons at work or in uniform during the year, and fully 10 millions above 1940. The number of persons employed stands at 4 millions over the estimated peace time labor force. During October, fully 22.5 million men and women were directly engaged in war work or in uniform or about three of every eight employed persons.

In regard to the current situation, the board says, "Labor shortages have already been encountered in 102 of the nation's largest population centers, including virtually all major war production areas. Similar shortages are anticipated shortly in an additional 77 cities.

Official forecasts indicate that almost 6,000,000 more persons must join the labor force by the middle of 1943. About half of these will be required to offset inductions into military service, while the remainder must be added to the personnel of war and essential civilian industries.

"Almost 60 out of every 100 persons above 14 years of age are currently employed or in uniform. By midsummer of next year nearly two out of every three persons in these age groups will be actively engaged in the war effort, or about as high a proportion as that prevailing in Great Britain currently. In contrast, only about half of the productive portion of the population of the United States was at work two years ago."

NY Bk. Directors In Armed Forces Exempt From Filing

The New York State Banking Board recently advised banks that it has adopted a resolution designed to aid directors and trustees of banks who have been excused from attendance of meetings because of service with the armed forces or with governmental agencies or other organizations contributing directly to the war effort. The announcement from the Department Dec. 2 states:

"Pursuant to the resolution, directors and trustees who have been excused from attendance at meetings by reason of service with the armed forces, or with a government agency or other organization contributing directly to the war effort, are no longer required during the period for which they have been excused, to make or file any oath of office or declaration as provided in the Banking Law, if written notice has been given to the Banking Department that such directors or trustees have been so excused."

In accordance with this action, the Banking Department requested the banks to advise its Albany office of any directors or trustees, who, prior to Dec. 1, 1942, have been excused from attendance at board meetings because of such service.

For Streamlining Cost-Accounting Principles

A standard of procedure of cost accounting, streamlined for efficiency and applicable generally to all types of business, is a reform which industry should undertake in the public interest, according to T. C. McCobb, President of the Controllers Institute of America and Controller of the Standard Oil Co. (New Jersey). Re-negotiation and price ceilings, he pointed out on Dec. 5 have demonstrated the almost universal dissimilarity of cost accounting methods employed by various firms, and prove conclusively that some standard method should be adopted which is generally acceptable to the public and to the Government.

"All of us have had our own systems of cost accounting for years," Mr. McCobb declared. "They were worked out for the purpose of private budgeting, for pricing and to implement financial control. But now these systems are meeting the test of whether they really serve the public interest."

Mr. McCobb further stated:

"I believe that as the responsible accounting officers of established business, we controllers owe it to ourselves and to the business system to spend a great deal more thought and energy on streamlining cost-accounting principles and making them applicable generally to all types of business activity — principles which are fair and workable, and generally acceptable to the public and the Government.

"The results will be beneficial to the entire business structure. Widely-adopted costing will help to steady all business operation, and it will help to improve relations between business organizations and the general public. While many people realized that adequate cost systems were not universally employed, it has remained for re-negotiation procedures and price ceilings to reveal the extent of the deficiency. In some cases where cost records do not exist, the suspicion has arisen that this lack of data is deliberately invoked to obscure actual costs and profits. This suspicion should be dissipated promptly by the insistence of business itself that cost principles be universally employed.

"Such an accomplishment is very difficult in the light of the infinite variety of business facts and business problems. However, it can be done, and the experiences of the immediate future will greatly assist in reaching the goal. Public insistence on the use of adequate cost systems will increase, not die down. Controllers are faced with the challenge of establishing general cost principles and then of seeing that business at large puts them into effect."

Mr. McCobb referred also to a controllership problem presented by the new Federal Revenue Act, namely the budgeting of tax payments of a business concern without seriously impairing the working funds of the enterprise.

Ingold Heads San Francisco Chamber of Commerce

Ernest Ingold, one of the largest individual automobile dealers in the country, was elected President of the San Francisco Chamber of Commerce by the Board of Directors on Dec. 3 and will take office Jan. 1. Mr. Ingold succeeds Dwight L. Merriman, who has been inactive since he entered army service a few months ago. Russell G. Smith has been acting President during that period. In accepting the Presidency, Mr. Ingold said, "it is my earnest desire and firm resolution to serve San Francisco, its enterprises and its people, whether their interests be large or small."

Morgenthau Warns Of Heavier Taxes And Hints That Compulsory Savings May Be Necessary

Secretary of the Treasury Morgenthau, in a finance statement on the first anniversary of war, warned on Dec. 5 that the people must prepare themselves for heavier taxes. Introducing the possibility of compulsory savings Mr. Morgenthau said: "Ways are being devised to induce consumers to refrain from spending some $40 billion in 1943. This huge sum represents the difference between disposable incomes remaining after payment of all personal taxes and the available supply of goods at current prices." He further said "since Pearl Harbor more than 50 million individuals have invested in War Bonds, and close to 24 million workers are now investing regularly every pay day through Payroll Savings Plans. More than $8,500,000,000 of the Series E, F, and G issues were sold from December, 1941, through November, 1942."

In part Mr. Morgenthau also said:

"The sale of War Savings Bonds is being intensified, especially through the payroll savings plan, but in addition we are now offering securities that should meet the needs of every type of investor. In particular, we are placing great emphasis upon the so-called "Victory two-and-one-halfs"—a long-term bond that is an ideal investment for those able to lend $500 or more to their Government. In this drive we are not only seeking money out of current earnings. which is the best of all kinds of money from the anti-inflationary point of view, but we are also seeking the money that is lying idle in the form of accumulated balances."

At the outset of his statement Secretary Morgenthau said that "in total war we can be satisfied with nothing less than total victory." From his statement we also quote:

"Total victory also demands that we keep an eye to the future as well as the present. For today, a year after Pearl Harbor, the nation is engaged in two wars—the war against the Axis and the war against post-war chaos. Experience has taught us that a military victory alone may turn to ashes.

"While we take pride, therefore, in what our arms have accomplished in the first year of war, pride, too, in the magnificent demonstration of our capacity to convert our peaceful industries to the grim business of war, let us assess realistically and soberly the grave problems we still face.

"We who fight the war have also the duty of paying for the war. These costs are inescapable. No financial sleight-of-hand can transfer goods and services from the future to the present. And no debt that we might pile up for the future can reduce the sacrifices in goods and services we must make today.

* * *

"The attainment of these strategical objectives requires, however, the use of different tactics for different situations. Wise financial policies in one set of circumstances may be disastrous in another.

"In attaining our strategic financial objectives we must remember that the diversion of goods and services from peacetime to wartime use must be accompanied by a corresponding diversion of spending power from peacetime to wartime use. The civilian economy cannot be permitted to compete with the war economy.

"We will not achieve this objective without the enactment of measures more fundamental than any yet adopted."

Polish Premier, FDR Talk

President Roosevelt gave a luncheon at the White House on Dec. 3 in honor of General Wladislaw Sikorski, Premier of Poland, who is in the United States on an official visit. Various problems dealing with the European military situation were said to have been discussed at the luncheon but no details were announced.

The Polish Premier arrived in Washington from his refugee Government in London on Dec. 1 by military plane. At a press conference on Dec. 1, General Sikorski said that the primary purpose of his visit to this country was to discuss problems involved in the conduct of the war and the problems of the future.

Before leaving the United States, he plans to inspect war industries in Detroit and Baltimore. He will also go to Mexico City to confer with President Manuel Avila Camacho on plans for Polish refugees in that country.

Gov't Questionnaires To Be Investigated

A resolution calling for a formal investigation of the issuance of Government questionnaires was unanimously approved on Dec. 3 by the U. S. Senate.

The action came after the Joint Committee on Reduction of Non-Essential Federal Expenditures had received testimony from representatives of several business organizations seeking a reduction in the number of Government questionnaires. The resolution, sponsored by Senators Vandenberg (Rep., Mich.) and Byrd (Dem., Va.), authorizes the Joint Committee to make a complete investigation of all Government questionnaires with a view to elimination of their overlapping and duplication. The Joint Committee is made up of Senators and Represtatives as well as Secretary of the Treasury Morgenthau and Budget Director Harold D. Smith. In anticipation of House approval of the resolution, the Joint Committee has addressed communications to 81 Federal departments and agencies requesting them to submit copies of the forms sent out during the past year to business firms and individuals seeking information and to show what was done with the information obtained.

New AAA Rule To Help Meet War Crop Goals

In a move designed to place "strong emphasis on meeting war crop goals," the Department of Agriculture announced on Dec. 1 that farmers will have to plant within 10% of their 1943 Agricultural Adjustment Administration's crop allotment program in order to obtain maximum benefit payments. The total amount of payments to be distribtued under the 1943 program has not been determined. It has been averaging about $750,000,000 a year. The Department's announcement said:

"Payments are designed to help get full production of the kinds and in the amounts needed, and all crop payments are to be contingent on the degree to which the farmer meets his goals. Deductions will be made from the farm's maximum production adjustment payments, or allowance, for failure to meet specified goals for both allotment crops and special war crops."

Associated Press Washington advices had the following to say:

"The Department will report later the rates which it will pay farmers for complying with AAA allotments for corn, cotton, peanuts, rice, tobacco and wheat. The rates usually are set at a certain number of cents per bushel, depending upon the commodity.

"Failure to plant at least 90% of these crop allotments will result in payment deductions at a rate five times the compliance rate. This means that a farmer's crop payment would be wiped out entirely if he should plant only 70% of his allotment.

"Since 1943 crop allotments for cotton, tobacco and wheat are the maximum deemed necessary, farmers who overplant these crops will receive deductions at a rate of 10 times the compliance rate. The deduction for excess corn acreage will be the same as the compliance rate.

"Farmers will have to reach 90% of their production goals for the so-called war crops, which include soy beans, flaxseed, peanuts, potatoes, dry beans and peas, hemp, and tomatoes and peas for canning. Failure to achieve 90% of war crop goals would make a farmer subject to crop payment deductions at a rate of $15 per acre for each acre short of the 90%."

Panama Concessions Voted By U. S. Senate

The Senate passed on Dec. 4 by a 40 to 29 vote a joint resolution transferring to Panama certain United States properties and facilities in the Canal Zone under agreements negotiated by the State Department. This action came after two days' debate in which opponents of the legislation contended that the international agreement should be drafted in treaty form, which would require a two-thirds vote of the Senate, rather than submitted by executive authority in the form of a resolution, requiring only a majority vote of both branches of Congress. Prior to approving the resolution, the Senate refused, 43 to 26, a motion by Senator Gerald P. Nye (Rep., N. D.) to send the bill back to the Foreign Relations Committee with instructions for the State Department to resubmit the question in treaty form.

According to Associated Press accounts from Washington Dec. 4 the resolution would authorize:

"1. Surrender to Panama of the American-owned water and sewage systems in Panama City and Colon, which otherwise would not revert to Panama until 1957.

"2. Transfer to Panama of building lots of the American-owned Panama Railway Co. in the two cities.

"3. Cancellation of a $2,700,000 debt to the Export-Import Bank to cover Panama's share in construction of the strategic Rio Hato Highway."

President Roosevelt recommended passage of the measure in August in order to "correct certain factors in the relations between the two countries which do not make for confidence and friendship." The President explained at that time that the Panamanian Government's attitude in the international crisis was "thoroughly cooperative" with the United States and that this Government should make certain concessions which have long been desired by Panama. This was noted in our issue of Aug. 27, page 717.

Will Buy Panama City 6½s

Holders of City of Panama 6½% bonds of 1927, due June 1, 1952, are being advised by La Caja de Ahorros of the Republic of Panama, that it will purchase at the rate of $1240 net flat per $1000 principal amount of any or all of the outstanding bonds, bearing the Dec. 1, 1936 coupon stamped part paid $22.06 and all subsequent coupons attached. The bonds should be presented or forwarded to the office of Glore, Forgan & Co., 40 Wall Street, New York, N. Y. or 135 So. La Salle Street, Chicago, Ill., for payment. The offer will expire March 1, 1943.

Patents Seized From Enemy Countries Will Be Made Available To Industry

President Roosevelt announced on Dec. 8 that the patents seized from nationals of enemy countries and those taken over from nationals of enemy-occupied countries will not be sold but will, however, be made available to American industry for the war effort and for general use.

The President released a comprehensive report from Leo. T. Crowley, Alien Property Custodian, which said that his office will have taken control of 50,000 patents by the end of the year. Mr. Roosevelt said the report gave quite a clear picture regarding foreign patents and seem to provide a good pattern for handling enemy patents now and in the future.

In a letter to the President, Mr. Crowley said that the patents represent "some of the finest research achievements of modern science, particularly in the production of dyestuffs, plastics, pharmaceuticals and electrical goods."

Mr. Crowley also said:

"We are publishing the patent applications at once so that interested parties may apply for licenses under them. Publication of the knowledge contained in the applications will also assist and encourage research along similar lines in this country."

Mr. Crowley stated that this was in line with the President's policy "to make these patents readily and freely available forever to American industry and to encourage the research necessary to develop these patents."

Mr. Crowley further indicated:

"Licenses under enemy patents and patent applications not already exclusively licensed will be issued on application to any legitimate business concern on a royalty-free, non-exclusive basis for the life of the patent. The licensee's only cost is a $50 fee for a license under a single patent or patent application, plus $5 for each additional patent covered by the same license."

No exclusive licenses would be issued, Mr. Crowley said, and where bona fide non-exclusive licenses were outstanding under the seized patents these would be cancelled on request of the licensee and standard Alien Property Custodian licenses issued in their place.

"We will respect American rights in existing exclusive licenses under vested patents, pending further thorough study of the whole exclusive license situation under vested patents," Mr. Crowley continued. He added:

"Existing royalty arrangements in connection with exclusive licenses will ordinarily be continued and royalties paid to the Alien Property Custodian, unless the licensee elects to give up his exclusive rights and accept a non-exclusive license on our standard terms.

"To the fullest extent of our authority we will eliminate restrictive provisions governing production, use, price or market area of any outstanding exclusive license. If it appears that a broader use of the invention is essential to the war effort, we reserve the right to issue additional licenses under any vested patent."

Coffee Rationing Begins With Supplies Ample

The rationing program for coffee went into effect on Nov. 29, under the rules permitting one pound of coffee for each person over 15 years old every five weeks. The first stamp to be used for coffee from war ration book No. 1—the sugar ration book—is No. 27, which is good for one pound of coffee between Nov. 29 and Jan. 3, 1943. In the week before rationing began—Nov. 21-28—the Office of Price Administration did not permit any retail sales of coffee, in order to enable dealers to restock their shelves.

Paul M. O'Leary, OPA Deputy Administrator in charge of rationing, declared on Nov. 28 that supplies of coffee in retail stores are now ample to insure the successful beginning of the formal rationing program provided housewives confine their first purchases to the amounts they actually need.

Mr. O'Leary further said:

"Unnecessarily heavy buying at the beginning of coffee rationing will overtax the coffee distribution system and disrupt the even flow from roaster to wholesaler to retailer. It is to the advantage of the shopper to buy coffee in the smallest amount needed, and not to buy at all if she has any coffee on hand. Fresh coffee tastes better, lasts longer."

Restaurants, hotels, hospitals and similar institutions will be entitled to as much coffee during the first two months of rationing as they used in September and October. These institutional users were required to register at their rationing boards Nov. 23, 24 and 25, with their first allotment periods starting from the dates of registration and extending to Jan. 31, 1943.

The OPA recently issued regulations requiring consumers, who have stocked up on coffee, to report all above one pound which they had on hand on Nov. 28 as part of their ration. Deduction of stamps to cover excessive coffee supplies held by individuals will be made when they apply for war ration book No. 2, about the first of the year.

Previous reference to coffee rationing was made in these columns Nov. 12, page 1711.

"Wildcat" Oil Bill Passed

The Senate unanimously passed on Nov. 23, and sent to the House, a bill to encourage "wildcatting," or independent oil prospecting, on the public domain. Sponsored by Senator O'Mahoney (Dem. Wy.), the measure provides that a flat royalty of 12½% would be paid the government for ten years by prospectors for new oil reserves anywhere on the public domain. Under existing law the royalty ranges from 12½ to 32%, and must be paid under 20 year leases.

Senator O'Mahoney offered from the floor, and saw adopted, according to the Associated Press, an amendment authorizing the Secretary of the Interior to provide by regulation for a royalty not to exceed 7½% for forty acres in cases where wells are discovered on the public domain. This was a special inducement in view of the standard lease size of 640 acres.

Mr. O'Mahoney said the amendment would be applicable only to new discoveries.

To Supply Wheat To Iran

Wireless advices from London Dec. 5 to the New York "Times" stated that an agreement has been reached by the United States, British and Iranian Governments under which the United States and Britain will supply Iran with wheat and other cereals to bring up her stocks to minimum requirements. The "Times" advices added:

"The agreement states that, as United States and British policy is to safeguard the economic existence of the peoples of the Middle East against distress, they will take all possible steps to insure the supply of wheat, barley, rice and other commodities until the 1943 harvest is reaped. The Iranian Government will take charge of the distribution of the cereals."

Byrnes Lifts Ceiling On Farm Wages

James F. Byrnes, Economic Stabilization Director, on Nov. 30 removed all restrictions from increasing farm labor pay up to $2,400 a year, and prohibited farm wage cuts below the highest rate between Jan. 1, 1942 and Sept. 15, 1942, except upon consent of Secretary of Agriculture Wickard. In issuing Presidentially approved regulations carrying out this policy, Mr. Byrnes transferred from the War Labor Board to Secretary Wickard all control over farm wages under $2,400, explaining that this was preferable because the WLB, which handles other wage and salary problems below $5,000, had no representation from agriculture employers or employees. Mr. Byrnes' order said in part:

"Considering that the general level of salaries and wages for agricultural labor is sub-standard; that a wide disparity now exists between salaries and wages paid labor in agriculture and salaries and wages paid labor in other essential war industries, and that the retention and recruitment of agricultural labor is of prime necessity in supplying the United nations with needed foods and fibers, and in order to correct and adjust these gross inequities and to aid in the effective prosecution of the war; . . . no increases in wages and salaries of agricultural labor shall . . . be deemed in violation of the act (Emergency Price Control Act of 1942) or of any rules, orders, or regulations thereunder, unless and until the Secretary of Agriculture determines and gives public notice of his determination that, with respect to areas, crops, classes or employers, or otherwise, increases in salaries or wages for agricultural labor may no longer be made without the approval of the Secretary of Agriculture."

From Washington

(Continued from first page)

a war for democracy all over the world you've got to give us this and that here at home." A group of professional agitators, seeking a commodity to sell to the Negro organizations made a seething controversy of the poll tax, on the ground that certainly this "undemocratic" thing at home had to be removed before we could apply democracy to the rest of the world. If there is anything of lesser importance than the poll tax in the lives of men, it is utterly impossible for me to think of it. Yet it was made a tremendous national issue, and all because we are hypocritical about our war aims.

Moving along in the same excited and misguided spirit as the poll tax repealists is the Administration's insistence that there be no discrimination in industry because of race or creed. In administering this, the so-called Fair Labor Practices Board, with Anna Rosenberg as the guiding genius, has pitched any number of communities to just about the boiling point, as anyone getting around over the country can see. (And this writer is just now in the act of going to the Pacific Coast and back.) All of this is being done in the name of applying democracy, a much abused word, at home, as well as abroad. The high-mark of taking Democracy's name in vain, I believe, was a few weeks ago when a prominent industrialist caught his wife in an affair with a Latin-American diplomat. He sued for divorce and named the diplomat as correspondent. The diplomat countered indignantly with the statement that this was the most severe blow to the cause of Democracy that he could conceive.

We didn't start out towards the war in this way. In the pre-Pearl Harbor days the interventionists and so-called friends of Britain had a very realistic argument. It was simply that Germany had gotten too big and was getting bigger and that we couldn't live with her in this inflated and bombastic state. She had to be whittled down and put back in a place from which she couldn't arise to be a nuisance again. This at least made sense, and the business of keeping Germany in her so-called place, as any student knows, has been Britain's foreign policy over the years, a policy which we have now twice gone to war to help her enforce. The same argument, of course, applies to Japan.

Rightly or wrongly, we are afraid to let either Germany or Japan become too big. My belief is that the Administration may find it much easier to enforce the gas and fuel rationing out in the Middle West if it states its war aims more honestly and realistically. In this light they would be far more understandable to the common man. I say frankly there is reason for alarm about the Middle West's attitude to the rationing. You hear all too often the statement: "I'm not going to do without gas or fuel to give democracy or a quart of milk a day to the Egyptians, the Malayans or any of the rest of them."

And, of course, if we got back to the realistic treatment of our war aims, the ground would be taken from under those pre-Pearl Harbor friends of Britain but who now want to use our expressions of high idealism to break up the British Empire. For that matter, the Administration would have a much better chance with its own post-war ambitions if it based them on a blunt, hard-boiled ground. There will be mighty few Americans, aside from the professional controversialists who will be interested after the war in any plan of spreading democracy or of giving away a quart of milk a day. The brutal fact, too, is that when Sumner Welles, Adolph Berle and Henry Wallace utter their lofty words they don't mean a thing in the world except FREE TRADE.

Mme. Chiang In U. S. For Medical Treatment

Mme. Chiang Kai-shek, wife of the Chinese generalissimo, arrived in the United States for medical treatment, the White House announced on Nov. 27. The official announcement said that after completion of her treatment, necessitated by the after-effects of injuries suffered five years ago in an auto accident, Mme. Chiang will be the guest of the President and Mrs. Roosevelt at the White House.

The announcement read as follows:

"It was announced at the White House this afternoon that Mme. Chiang Kai-shek has arrived in the United States. She has entered a hospital for medical treatment necessitated by the after-effects of a serious injury sustained five years ago.

"During the critical period when the Chinese armies were braced against the full force of the Japanese attack in the Shanghai area she was visiting the front. While her car was being driven at a high speed through a sector which was under heavy Japanese fire a tire blew out. The car turned over and she was thrown heavily to the ground.

"Throughout the five and one-half years of the war Mme. Chiang has refused to allow her impaired health to interfere with her important responsibilities. Generalissimo Chiang Kai-shek has for some time been much concerned over the way in which her heavy responsibilities were affecting Mme. Chiang's health, but it was only at the beginning of this month that she was persuaded by her attending physician to come to the United States for medical treatment.

"Upon the completion of her course of treatment, Mme. Chiang Kai-shek will be a guest of the President and Mrs. Roosevelt at the White House."

A bulletin issued by the Chinese Embassy on Dec. 6 announced that Mme. Chiang "is making satisfactory progress."

Chiang Kaishek Hails U. S. On First Year Of War

Sending a message of greeting to President Roosevelt on the eve of the anniversary of Pearl Harbor, Generalissimo Chiang Kai-shek said on Dec. 6 that American victories in the war had been "heartening to all freedom-loving peoples."

The Generalissimo according to Associated Press advices from Chungking, said:

"On this anniversary of your entry into the war, brought about by the treacherous attack of our common enemy on American territory in the Pacific, I tender you my warm greetings and good wishes.

"We have watched with deep admiration America's stupendous achievements in her war efforts under your inspiring leadership. The victories which have crowned your arms are indeed heartening to all freedom-loving peoples.

"China has fought this enemy for five years and now the pride is hers to fight shoulder to shoulder with America and the other United Nations for the cause of democracy.

"This comradeship in arms cannot but spur us on to greater efforts and strengthen our resolve to prosecute this war to its successful conclusion. And when victory is won, the sincere friendship and mutual understanding fostered by this comradeship in arms will greatly aid us in our common task of shaping a new world based on justice and freedom."

Weiner WPB Supply Chief

Leon Henderson, head of the Office of Price Administration, resigned on Dec. 10 from his additional job as director of the Office of Civilian Supply of the War Production Board.

Joseph L. Weiner, Deputy Director of the Office, was named as Mr. Henderson's successor by WPB Chairman Donald M. Nelson.

Mr. Henderson explained in a letter to Mr. Nelson that he was withdrawing because of his increased OPA duties. In reply, Mr. Nelson said he accepted Mr. Henderson's resignation with "greater regret than I can express, because I understand fully all of the reasons which prompt this action." He added:

"I realize that the increased burden in the Office of Price Administration and the increased importance of the Office of Civilian Supply together constitute a job of such magnitude, with its many problems, that no one man should be asked to handle."

FIC Banks Place Debs.

The Federal Intermediate Credit Banks on Nov. 18, made a successful placement of $62,645,000 debentures through Charles R. Dunn, New York, fiscal agent for the banks. Of the total, $24,130,000 dated Dec. 1, 1942, due June 1, 1942, bearing a coupon rate of 0.70% and $31,215,000, dated Dec. 1, 1942, due Sept. 1, 1943, and carrying a coupon rate of 0.80%, were sold at par. Of the balance, made up of three special issues, all dated Dec. 1, 1942, with coupons of 0.50%, $500,000 maturing Jan. 2, 1943 and $3,800,000, due Feb. 1, 1943, were sold on a 45% basis and $3,000,000, due March 1, 1943, was disposed of at par. Of the total proceeds, $45,520,000 was used to pay off a like amount of outstanding debentures due Dec. 1, and $17,125,000 is new money. At the close of business Dec. 1, 1942, the banks had outstanding $280,720,000 debentures.

Youth Registration Set For Three Periods

President Roosevelt, in a proclamation issued Nov. 18, fixed the last three weeks of December as the registration periods for those youths who have become 18 years old since last July and also provided for the continuous registration on their birthdays of youths who reach draft age after Jan. 1.

The following schedule of registration was called for by the President's proclamation:

1. Youths born between July 1 and Aug. 31, 1924, inclusive, to register between Dec. 11 and 17, inclusive.
2. Those born between Sept. 1 and Oct. 31, 1924, inclusive, to register between Dec. 26 and 31, inclusive.
3. Those born between Nov. 1 and Dec. 31, 1924, inclusive, to register between Dec. 26 and 31, inclusive.

This will be the sixth registration under the amended Selective Service and Training Act of 1940. In the five previous registrations there were about 43,000,000 men between the ages of 18 and 64 registered, of which about 27,000,000 in the 20-45 age group were subject to military service. It is believed that the new registrants will number about 600,000. The bill lowering the draft age from 20 to 18 was signed by the President on Nov. 13. Major General Lewis B. Hershey, National Director of Selective Service, in accordance with the amended bill, instructed local draft boards on Nov. 18 to provide for deferment of essential farm workers, certain high school students on request and men who have passed their 45th birthday since registering.

Gen Hershey directed that the order of call for induction for the 18 and 19-year-olds will be determined by age, the oldest going first, instead of by lottery number drawings.

Roosevelt Welcomes President Of Ecuador

President Carlos Arroyo del Rio of Ecuador, following an official visit to the United States, left New York by plane on Dec. 4 and arrived in Havana, Cuba, on Dec. 5 for a brief visit on his homeward journey. President Arroyo was welcomed by President Roosevelt on Nov. 23 on his arrival at an airport near Washington. In a formal message of greeting, President Arroyo hailed President Roosevelt as "the champion of a cause that has won the sympathy of all those who worship at the sacred and immutable altar of right." He also declared that his visit was not "merely a superficial and diplomatic mission" but rather one which "signifies that America is more closely knit together."

President Arroyo was honored in the evening at a state dinner at the White House, where he was an overnight guest.

On Nov. 24 the Ecuadorian President addressed the members of the House of Representatives, attended a luncheon given by the Pan-American Union and a dinner given by Secretary of State Hull. On the following day (Nov. 25), he assured the Senator there was and would be a "forthright effort to cooperate with the United States in the struggle for victory for democracy.

Saying it was a great honor to address the Senate, President Arroyo declared:

"This act has for me a special significance because it affords the opportunity to a nation of South America to have its voice heard in this hall. It is highly necessary that the voices of all the people in the hemisphere be heard as one.

"It is necessary that America should have on its lips a single song.

"It is necessary that America should have in its heart a single feeling.

"It is necessary that America should carry forth the hope—the hope to obtain alsolute and definitive victory for democracy."

Later the same day (Nov. 25) he attended a luncheon given in his honor by Nelson Rockefeller, Coordinator of Inter-American Affairs, and met numerous officials at a reception given at the Pan American Building by Captain Colon Eloy Alfaro, Ecuadorean Ambassador.

After several days' touring of war production centers in the Detroit and Buffalo areas, the Ecuadorean Chief Executive on Nov. 30 arrived for a three-day visit in New York City, where he was welcomed by Mayor LaGuardia. He received an honorary degree of Doctor of Laws from Columbia University on Nov. 30 and was presented with the gold medal of the Pan-American Society on Dec. 2 at a dinner in New York, sponsored jointly by the Society and the Ecuadorean-American Chamber of Commerce.

Work Safeguards Praised

President Roosevelt told the National Conference on Labor Legislation at Indianapolis on Nov. 18 that its work in setting up standards for protecting industrial workers is of "great importance in conserving the manpower of the war effort" and "is essential to the winning of the war."

The President's message to the conference follows:

"The standards which have been built up over the years to protect our industrial workers against accidents, disease and fatigue have great importance in conserving the manpower of the war effort today. For if the industrial army is cripped by these enemies on the home front, the supplies going to our fighting forces will be curtailed.

"In this you are confronted with a challenge: How to carry out the intent of the laws that you in the State Labor Department administer and that organized labor has struggled to secure, while making necessary adaptations to wartime conditions? How to arrange working hours so that the machine can operate round the clock while the human beings secure adequate rest?

"I want you to know that your difficulties in carrying out these programs are understood and appreciated. The hard work that still lies ahead of you is work that is essential to the winning of the war and is also essential to the peace that we hope to make—a peace in which good living and working standards will be established for all peoples."

Lend-Lease Buying For North Africa Started

More than $5,000,000 of civilian goods have been purchased under the Lend-Lease program for early shipment to the civilians of French North Africa, it was announced on Nov. 30 by Edward R. Stettinius, Jr., Lend-Lease Administrator. The Associated Press reported:

"Sugar, powdered and evaporated milk, green tea and cheese are being purchased to meet the most urgent food needs of the people of North Africa. Other purchases include cotton textiles, piece goods, ready-made new and used clothing and shoes.

"Another item to be sent to North Africa is copper sulphate, insecticide needed by fruit and vegetable growers. Copper sulphate is being sent to assist North African production of food for its own people, as well as United States, British and French troops there.

"Limited quantities of vegetable oils will be shipped to North Africa to tide the area over until the next harvest season. The Office of War Information said the Nazis had stripped North Africa of its own agricultural products."

McNutt Drafting Manpower Regulations— Hershey Retained As Selective Service Head

Paul V. McNutt, Chairman of the War Manpower Commission, expressed the belief on Dec. 7 that the centralization of manpower control accomplished by the President's Executive Order is a prerequisite to an adequate attack upon the tremendous task of allocating men to the armed forces and to war industry.

At his first press conference since President Roosevelt on Dec. 5 gave him complete control over manpower, Mr. McNutt said that the transfer of the Selective Service System to the WMC and the restrictions on voluntary enlistments will make possible a unified plan for the orderly withdrawal of men from civilian life with the least possible disturbance of essential war production."

Mr. McNutt also had the following additional comment regarding the order:

"The authorization for the regulation of hiring is clearly a necessary control in areas of critical labor shortages. Although I am determined to exercise this authority, where necessary, to prevent labor hoarding and allocate essential workers to war plants, action will be taken only in those areas and with respect to those occupations where it is essential to meeting labor requirements. Until further clarification, it should be understood that presently approved methods of recruiting and hiring may continue.

"The provision for a uniform policy for the utilization of educational institutions will enable the Commission and the armed services to complete plans which will eliminate the confusion and misunderstanding on the part of these institutions as to the Government's desires in this respect."

Chairman McNutt issued an order on Dec. 7 creating a Bureau of Selective Service, with Major Gen. Lewis B. Hershey continuing to administer the program as heretofore, until further integration plans are perfected. With respect to this new draft set-up, the Chairman said:

"This organization arrangement will assure close coordination of the twin wings of the Commission charged with meeting the needs of war manpower—Selective Service for filling military requirements and the United States Employment Service for handling civilian production requirements.

"It also permits the Selective Service organization to continue its present functions and duties without change, subject to the direction and supervision of the executive director."

Arthur J. Altmeyer, Chairman of the Social Security Board, who has been serving as Executive Director of the WMC has returned to his Social Security post in view of the transfer of the U. S. Employment Service from the SSB to the WMC, and Arthur Fleming, a member of the WMC, has become acting Executive Director of the WMC.

The President's manpower order was given in these columns Dec. 10, page 2065.

High Court To Review Stock Dividend Tax

The United States Supreme Court on Nov. 23 granted the Justice Department a review of a decision holding that a stock dividend of common shares upon common shares, when there was no other class of stock outstanding, did not constitute taxable income.

The Supreme Court ordered the case argued on Dec. 7 when it reconvened after a two-week recess, which began Nov. 23.

With respect to the case, the Associated Press reported:

Charles Fahy, Solicitor General, said the litigation was intended as a test case to challenge a 1920 Supreme Court decision holding that stock dividends could not be taxed. Two similar cases were recently argued before the Supreme Court.

Specifically involved was a $9.60 tax assessed for 1939 against Mrs. Sylvie R. Griffiths, of New York, on two and one-half shares of common stock of Standard Oil Co. (New Jersey) received as a dividend on 100 shares of common stock.

A deficiency tax was imposed by the Commissioner of Internal Revenue, but he was reversed by the Board of Tax Appeals. The Circuit Court upheld the Board in the light of the 1920 Supreme Court ruling.

In advices from its Washington bureau Nov. 23 the New York "Journal of Commerce" had the following to say in part:

"Under the 1920 decision, the Supreme Court ruled that income taxation levied against such dividends is not permitted by the Constitution. The Revenue Bureau and Treasury Department have taken the position that Eisner v. McComb was wrong in this holding, and are backed by the Justice Department which brings the case before the Supreme Court.

"The Supreme Court decision in Eisner v. McComb for a long time operated to prevent any taxation of stock dividends. However, a 1936 amendment to the law permitted taxation in certain cases where not prevented by the Sixteenth Amendment of the Constitution.

"Other cases involving the taxation of stock dividends have already been argued before the tribunal and await decision. One of these involves non-voting common on common.

"But the Griffiths case, involving straight common on common, is believed to present the issue more clearly than the others; hence its decision will be awaited with considerable interest here.

"The other cases also involve the question of whether the dividend is income, the Circuit Court in one case having held that it was and the Circuit Court in the other that it was not. The Bureau is seeking, in these cases, to get a clean-cut decision on the matter."

Labor Shortages Continued Acute In October With Employment At New Peak: Conference Bd.

Labor shortages continued to grow more acute in October despite the seasonal slackening in the labor requirements of both agriculture and construction, according to the National Industrial Conference Board. Total employment rose to a new record high of 59,500,000, a gain of fully 300,000 over September, with the continued expansion of the armed forces and the mounting demand for factory personnel.

This represents a gain of 5,250,000 persons at work or in uniform during the year, and fully 10,000,000 above 1940. The number of persons employed stands at 4,000,000 over the estimated peacetime labor force. During October, fully 22,500,000 men and women were directly engaged in war work or in uniform, or about three of every eight employed persons.

In regard to the current situation, the Board says:

"Labor shortages have already been encountered in 102 of the nation's largest population centers, including virtually all major war production areas. Similar shortages are anticipated shortly in an additional 77 cities. Official forecasts indicate that almost 6,000,000 more persons must join the labor force by the middle of 1943. About half of these will be required to offset inductions into military service, while the remainder must be added to the personnel of war and essential civilian industries.

"Almost 60 out of every 100 persons above 14 years of age are currently employed or in uniform. By mid-summer of next year nearly two out of every three persons in these age groups will be actively engaged in the war effort, or about as high a proportion as that prevailing in Great Britain currently. In contrast, only about half of the productive portion of the population of the United States was at work two years ago."

The Board states that employment gains were most pronounced during the month in the service industries (including the armed forces). Well over half a million were taken on in this group. Substantial gains during the month were also recorded in manufacturing and distribution. The total number engaged in trade and distribution, however, remained fully 400,000 below the record levels of last October. The Board also reports:

"Farm employment was cut by about 250,000 as fall harvesting was completed. The number of hired workers at the end of October was less than in either of the two preceding years. Losses of hired workers were most pronounced in the northeastern areas. Farm-family workers, however, numbered only 0.8% less than in the preceding month, comparing favorably with peacetime levels.

"With the exception of services, manufacturing and trade, the level of employment was reduced in all major forms of non-agricultural activity. More than 100,000 workers were released from construction projects during the month, and small but significant decreases were also apparent in mining, transportation and public utilities.

"Government employment, particularly outside the District of Columbia, was further expanded. The total number engaged on regular Federal services advanced to 2,750,000 or about three times the total at the start of the defense program.

"During the month, 165,000 new Federal employees were reported, of whom only 7,000 were placed within the District of Columbia. Public emergency employment dropped to 468,000. The addition of 18,000 to NYA rolls was offset by further curtailment of WPA activities."

Over 25% Of Life Insurance Assets Invested In U. S. Government Bonds

(Continued from first page)

sets of all United States legal reserve life insurance companies. An abstract of the report also has the following to say:

"The report also traced life insurance investment trends of the past past 20 years as revealed by the data of the 49 companies. The most outstanding trend thus revealed is the increase in holdings of Federal securities which, in 1931, reversed a long-term downward trend and, after the end of 1932, mounted from 2.2% of assets to 21.4% at the end of 1941, and by the end of the current year, will have advanced, probably as high as 26.7%.

"Another notable trend shown by the survey is the marked decline, in recent years, in policy loans. Experiencing abnormal increases during the early depression years, policy loans rose from 13.3% of assets at the end of 1929 to a peak of 17.9% at the end of 1932 and, subsequently, declined to 12.6% at the end of 1937, in line with their pre-depression level. Such loans have since shown a further marked decline to 7.5% of assets at the end of 1942—a low point unprecedented in any year covered by the survey. The amount of the 49 companies' outstanding policy loans at the end of 1942 will be about $2,391,000,000, as compared with $2,582,000,000 at the end of 1941 and with $3,044,000,000 at the end of 1937."

Pointing out that one of the most unfortunate effects of the falling interest rate levels of recent years has been the burden placed on life insurance policyholders, "a group representing a great cross-section of our people and including a vast majority of persons of small and moderate means," the report described the extent to which investment incomes of life insurance companies have been reduced since 1930 as a result "of the limited outlet of investment funds in private enterprises and of governmental influence on money rates." The rate of net investment earnings of the 49 companies on mean ledger assets was reduced from 5.03% in 1930 to 3.39% in 1941, indicating that, for all United States legal reserve life insurance companies, net investment earnings, for the years 1931-1941, were over $3,000,000,000 less than they would have been had the 1930 rate continued throughout the period.

1943 Corn Allotment Up 5% Over 1942

Secretary of Agriculture Wickard announced on Nov. 29 that the 1943 corn acreage allotment for the commercial corn area will be 43,423,000 acres, an increase of 5% over the 1942 figure of 41,338,000 acres.

The increase in the 1943 allotment, Mr. Wickard said, is made on the basis of long-range plans to insure sufficient feed for 1944 and beyond, and to provide adequate stocks in the ever-normal granary as protection against crop failure.

The 1942 production of corn is more than adequate for the increased feed demands of 1943. With the 1942 production the largest on record and a near-record carryover, corn supplies for the coming year are the largest in history, according to Mr. Wickard. He is also quoted as saying:

"The current corn situation illustrates how corn allotments are helping farmers produce an abundance of feed while at the same time producing other crops vitally needed in the war effort. Many of those crops, such as soy beans, must come out of the corn belt and the allotment program is giving the necessary direction to our production efforts.

"Next year's increased corn allotment is aimed at 1944 when the stepped-up production of live stock, poultry and dairy products is going to require an increasing amount of feed."

Amend N. Y. State Unemployment Ins.

In accordance with an amendment to the New York State Unemployment Insurance Law, effective Nov. 30, unemployment will be measured in days instead of complete weeks of seven consecutive days, as in the past. Milton O. Loysen, Executive Director of the Division of Placement and Unemployment Insurance, has announced amended regulations covering this change in the law. The amended regulations require employers to respond promptly to queries from the Division as to why an employee was separated from the payroll, the date he was separated, and whether or not the employer has work available for him.

Logan Of Canadian Bank Of Commerce Urges Ruml "Pay-As-You-Go" Tax Plan

The Ruml income tax plan, now being proposed in the United States, was endorsed by S. H. Logan, President of the Canadian Bank of Commerce, Toronto, in addressing the stockholders of the bank at the annual meeting on Dec. 8. Mr. Logan said it would overcome in Canada, if it were adopted there, the eventual hardship which must be faced by every individual Canadian taxpayer under the present procedure. As things are, he observed, these taxpayers will not liquidate their taxes on 1942 income until July or August, 1943. By that time they will be in debt to the Government for taxes due on the incomes received in the first eight months of 1943. These tax liabilities have been turned into a formidable sum by the war increases in income tax rates.

It has become necessary for the morale and encouragement of the Canadian people, Mr. Logan believes, to put these taxes on a current basis. That is easy to do in Canada, he said, because the pay-as-you-go plan principle has already been recognized in payment of the 1942 income tax, although the payments will come largely out of 1943 income. He added that the matter could be adjusted at once without any change in taxation machinery and taxpayers could be shifted to a fully current basis were the Government to cancel the tax covering the income period from Jan. 1, 1942, to Aug. 31, 1942. Mr. Logan continued:

"Payments that have been made from September, 1942, on would then be considered to cover the current income period. The taxpayer would be out of debt to the Government with every payment and would remain so. Later changes in income tax rates would take effect at once. That would stop the undesirable practice of making a change in rates retroactive. Under the present system individuals for a period as long as six months have been in ignorance of the amounts they would have to provide for taxes."

A. E. Arscott, Vice-President and General Manager, reminded the shareholders that their bank opened its doors in May, 1867, a few weeks before Confederation. It had been said without exaggeration that, since that time, the history of the Canadian Bank of Commerce has been part of the history of the Dominion. He stated that according to the bank's analysis, about 55% of all industrial machinery is now on war work and higher percentages in certain industrial units. Despite its decline, the total supply of civilian goods is greater per capita than that of any other active participant in the war, except the United States.

Mr. Arscott said that the bank's estimate of national income is that it has steadily increased until now it is about $8,000,000,000 per annum. This is a considerable rise but its distribution has changed remarkably. More than half of the income is in the form of wages, about 15% is farm income (not including products used on the farms), and the remainder is made up of salaries, sundry items and returns on investments, the last mentioned being not more than 10% of the total.

Nation-Wide Ration Banking Plan To Start In January – ABA To Assist In Plans

Ration banking, the system by which the nation's 14,000 commercial banks will handle ration coupons in checking accounts simiiar to those used in the handling of money, will be put into operation throughout the United States in January, Price Administrator Leon Henderson announced on Nov. 24. The announcement from the OPA said:

"Decision to use this method for simplifying ration transactions for business concerns and for relieving local War Price and Rationing Boards of an increasing clerical burden was made on the basis of a successful test of the plan in the Albany-Schenectady-Troy area of New York. Thirty-three banking offices are cooperating in the test, which began Oct. 28 and which will continue until it is merged with the national program before the end of January. Ration banking does not affect consumers.

"When ration banking is in effect nationally it is expected to employ the services of every commercial bank in the country that carries checking accounts. There are about 14,000 of these with a total of 18,000 banking offices. The banks will act as agents for the OPA and will be paid on a cost basis by the OPA. OPA officials and representative bankers are now working out plans for informing the banks of the details of the system and for seeking their cooperation."

In announcing success of the Albany operation on Nov. 24, Mr. Henderson said:

"The banks have confirmed our judgment that they would be able to handle the millions of ration documents that are exchanged each month better than the heavily loaded local War Price and Ration Boards. They also have been better able to safeguard the ration paper they handle and to keep strict account of its use. This is because of the employment of trained personnel and proper equipment available only in the banks.

"Minor changes will be made in the system now in operation in the 18 cities and towns in the Albany area. They are being worked out in cooperation with local bankers and representatives of the American Bankers' Association and others. But in the main the system has proved its practicability, and will be extended as soon as possible to the entire country. We hope this will be accomplished within the first three weeks of January."

A preliminary report of the A. B. A. Committee which has been assisting OPA in working out a plan, which would achieve the objectives of the Government and at the same time be practical from the bank point of view, revealed that while the routine handling of the ration accounts in the trial area has not offered any serious operating problems, there are, however, four major problems which must be solved before the nation-wide banking program will be generally acceptable to bankers.

These problems, now under discussion between A. B. A. representatives and OPA officials, include the question to what extent retailers will participate in the plan, the development of a practical method for clearing ration checks, an arrangement whereby the banks will be reimbursed for their handling costs, and the nature of the contractual relationships between OPA and the banks under the plan.

The A. B. A. announcement also had the following to say:

"The members on the A. B. A. Committee believe that practical answers to these problems are being found. The OPA officials in charge of the experiment have welcomed the assistance of experienced bankers and have invited members of the A. B. A. Committee to advise with them with a view to making the national plan practical from a banking point of view.

"The American Bankers Association has had a subcommittee consisting of six qualified operating officers on the ground in the test area during the experiment, three of whom were drawn from banks in the test area. This group of operating bank officers has worked throughout the entire test area, paying particular attention to the banks in small communities in order to make sure that there would be full appreciation of the operating problems that will be encountered by the small banks when the plan is extended to a national scale.

"They kept constantly in mind the fact that the experiment must not only work successfully in the banks of the trial area, but that in its final form the plan must also be practical for use by all banks regardless of size, location, or local characteristics. In addition, the committee has kept in mind the tremendous manpower and machine-use problems that now confront virtually every bank in the country. Suggestions made to the OPA regarding the plan were therefore designed to streamline the procedure and to eliminate unnecessary operating detail."

Reference to the A. B. A. ration coupon study was mentioned in these columns of Oct. 22, page 1448.

Reaffirm Race Policy In Defense Industries

Radio broadcasting companies and stations, telephone and telegraph companies, and the Washington, D. C., trolley and bus system are "defense industries," within the meaning of Executive Order 8802, according to an opinion rendered by the President's Committee on Fair Employment Practice by the Office of the General Counsel of the War Manpower Commission. This opinion was made public on Nov. 23 by the committee which is the unit of the War Manpower Commission authorized under Executive Order 8802 to redress grievances growing out of discrimination against war workers because of their race, creed, color, or national origin.

"The opinion was sought," Dr. Malcolm S. MacLean, Chairman of the committee explained, "because of the complaints which we have received from Negroes, Jews and aliens that they have been refused employment in the communication and transportation industries solely because of their race, religion or foreign background."

In an earlier opinion, last January, the general counsel of the War Production Board held that the railroads of the country constitute a defense industry, within the meaning of Executive Order 8802.

In the opinion just handed down, the WMC general counsel holds that:

"Executive Order 8802 reaffirms 'the policy of the United States that there shall be no discrimination in the employment of workers in defense industries . . . because of race, creed, color, or national origin.' The President's intent as to the scope of the term 'defense industries' can best be appreciated by reference to the surrounding language. The entire context supports a broad interpretation of the term."

The opinion continues:

"The first 'Whereas' clause of the Order declares it to be 'the policy of the United States to encourage full participation in the national defense program by all citizens of the United States.' The policy is reaffirmed 'as a prerequisite to the successful conduct of our national defense production effort.' These words are broad enough to include any industry the activities of which further the defense program."

The opinion refers to a number of Congressional Acts, departmental orders and agreements, all of which have interpreted the radio, telegraph, telephone, and street railways as defense industries. It observes that these industries are included by the U. S. Employment Service in its "List of Essential Activities;" that they are defined as "war utilities" in the Act of April 20, 1918, as amended by the Act of Nov. 30, 1940; and that in the rationing of scarce material and equipment several defense agencies of the government have considered the Washington transportation system as necessary for national defense.

N Y Factory Gains Continue In October

Employment in New York State factories rose 1.5% from the middle of September to the middle of October and payrolls advanced 3.2%, according to a statement issued Nov. 14 by Industrial Commissioner Frieda S. Miller. Increased activity at consumers' goods plants during the month was indicated more by gains in payrolls and hours than by gains in forces. War plants, on the other hand, hired many additional workers, but average earnings declined as the amount of overtime work was reduced. From the Commissioner's advices we also quote:

"The New York State Department of Labor's index of factory employment, based on the 1935-39 average as 100, was 151.4, 6.2% above the October 1941 level. The corresponding payroll index, at 247.6, was 30.3% above last year's level. The average employed factory wage earner in the State earned $40.21 per week in October, compared to $39.72 in September and $33.03 in October 1941.

"Preliminary tabulations covering the reports from 2,838 representative factories throughout the State form the basis for the statements made in this analysis. The Division of Statistics and Information, under the direction of Dr. E. B. Patton, is responsible for the collection, tabulation and analysis of these reports.

Most War Plants Continue to Hire Additional Workers

"Individual plants making aircraft, ships, tanks, electrical goods and non-ferrous metal products hired large numbers of additional workers this month. In most cases, these gains in forces were accompanied by much smaller gains in payrolls as the amount of overtime was reduced. Some manufacturers of machined shell and firearms reduced their operations. Hundreds of workers were laid off by steel mills and tin can plants. For the metals and machinery group of industries, as a whole, a gain of 4.0% in forces was accompanied by an increase of 1.8% in payrolls."

Cuban Stamp Tax Required

The Consul General of Cuba, in New York, advises that beginning Dec. 1, a ten cent tax stamp, which may be purchased from the cashier at the Cuban Consulate, must be affixed to the original of every document legalized by the Consulate.

This provisional tax will be in effect for about three months, the revenue to be used for the construction of the new Cuban National Archive, according to the Commerce and Industry Association of New York, Inc.

Real Estate Tax Called Far Reaching In Effect; Attack On Property Assault On American Way

"Not less than would an open attack on property by those seeking its nationalization, a system of taxation which would lead to the same result, directly or indirectly, constitutes an assault on the American system of government."

Myers Y. Cooper, former Governor of Ohio and President of the National Council of Real Estate Taxpayers, brought out this point in an address on the effect of modern taxation on real estate ownership before the annual meeting of the Council in St. Louis on Nov. 16. "There was a feeling that the growing interest in real estate taxation throughout the country would diminish when we became involved in the war, but instead, the interest is even greater now than ever before," Mr. Cooper stated.

Pointing out that there is a fixed charge of from 2% to 3% on real estate which must be paid, year in and year out, regardless of income, business, or the financial status of the property owner, Mr. Cooper continued:

"The demoralization in our tax system today finds its genesis in the fact that in an industrial age we are still clinging to an archaic system of the property tax as the principal maintenance source of municipal and local government despite the fact that the greater wealth is now in other forms of investments.

"For this reason, home ownership has been falling behind population increase until today only 40% of our citizens are in the property owning class.

"Under normal conditions real estate yields but one-fourth of all governmental income, and this one-fourth is paid by 35% of the taxpayers who own real estate. and who foot anywhere from 65 to 80% of the cost of local government.

"The growth of cities has resulted in an expanding framework of municipal needs. These relate to education, hospitalization, sanitation, safety and welfare, and other essential requirements. Such needs must be met, and we want to see these needs met and maintained on a basis of efficiency and economy. There is no thought of property ownership demanding escape from a just and fair proportionate share of the burden of government."

Mr. Cooper pointed out that realtors should be and are highly co-operative in rent control, a purely wartime requirement as an anti-inflationary measure, but that after the war when private construction is opened up again. they should be ready to help in providing over 1,000,000 units that will be needed to house the people.

The national program of the National Council of Real Estate Taxpayers to bring about an equitable tax system to preserve the home base against undue encroachments of taxations, he said includes support of legislation authorizing a federal survey to determine sources of revenue and expenditures on the three levels of government, federal, state and local (Coffee Bill); a recommendation to put government income property on the same tax basis as privately owned property; an over-all tax limitation to prevent unbridled spending of public money; encouragement of home ownership by the government; full consideration given to the value of tax revision based on earning power of property; and every possible encouragement to increase the number of home and farm owners as a practical contribution to the national welfare.

Mr. Cooper concluded: "Real estate taxation goes far and beyond its effect on the ownership of property. It has to do with the progress of education, social requirements, stimulation of new enterprises and the general welfare of the people."

Guarding Education National Obligation

Charles Seymour, President of Yale University, in his annual report to the alumni, issued a warning on Dec. 6 that although it is our primary and immediate duty to win the war, it is also a national obligation to keep intact the educational institutions which are the guardians of the culture and traditions upon which the nation is founded.

The New York "Times," in its Dec. 6 advices from New Haven, Conn., from which we quote further, indicated President Seymour's remarks as follows:

"The dangers to our national welfare inherent in this world war are obvious enough," he said. "Even though we defeat the Germans and the Japanese, we may nevertheless in the process lose many of the values in the traditional heritage for which we are fighting. The universities and their alumni carry a heavy responsibility for seeing that this does not happen.

"They are guardians of our culture and especially of those aspects of our culture which do not serve an immediate material utilitarian purpose. The danger comes from within the country. As our resources and our capacities are more and more concentrated upon a task involving material instruments of destruction, other purposes of life are pushed into the background."

President Seymour held that if universities allowed themselves to be overwhelmed by such a materialistic philosophy activated by "unthinking public opinion," the country would be faced with a regime of intellectual mediocrity and spiritual stagnation akin to the Dark Ages.

Outlining the steps taken by the university for the past three years in preparation for the possibility of war and the more recent concessions made toward the national effort since the advent of Pearl Harbor, Mr. Seymour called attention to the steady drain on the student body and the faculty.

"It is obvious that the danger to the teaching effectiveness in this situation is real," he said. "This should not be regarded so much as a university peril as one that touches the national effort directly in war, as well as thereafter."

Standards Ass'n Meeting Hears J. L. Weiner

Joseph L. Weiner, Deputy Director of the Office of Civilian Supply of the War Production Board, said on Dec. 11 that "concentration of production where it will increase our war potential has been adopted as a policy by the War Production Board." He added, however, that "industries will be concentrated only when the war situation calls for it." Mr. Weiner spoke at the annual meeting of the American Standards Association at the Hotel Astor, New York. Mr. Weiner is also head of the Government's Committee on Concentration of Production in Industry.

The meeting also included a report by R. E. Zimmerman, Vice-President of U. S. Steel Corporation, and President of the American Standards Association. There was a report by H. S. Osborne, Chairman of the Standards Council, on technical accomplishments during the year; and announcement of officers for the year 1943.

Labor Department Reports On Factory Workers' Hours And Earnings In September

Wage earners in manufacturing industries averaged 88.5 cents an hour in September, a gain of 2.4% since August and 16.9% since September of last year, Secretary of Labor Frances Perkins reported on Nov. 22. "Overtime premiums, shift differentials, increases in the basic wage rates of individual industries, and employment gains in industries producing war goods where relatively high wage scales prevail, accounted for the large increase over the year," she said.

Secretary Perkins further stated:

"Workers in the durable-goods group, where factories are geared primarily to war production, averaged 99.4 cents an hour, while in the nondurable-goods industries, where civilian production predominates, they averaged 24.4 cents less (75.0 cents). The gains over the month and year intervals were 2.9 and 18.2%, respectively, for the former and 1.7 and 12.5%, respectively, for the latter.

"General wage-rate increases between mid-August and mid-September were specifically reported by 1,468 manufacturing plants out of a sample of about 35,000. These increases averaged 7.4% and affected 710,000 of the 9,000,000 workers covered. About half of the workers receiving increases were in the following industries: Blast furnaces, steel works and rolling mills (181,449) electrical machinery apparatus and supplies (83,483), engines (including aero engines), turbines, water wheels (64,813), and machinery and machine-shop products (24,911). Cotton mills reported the granting of increases to 119,251 workers.

"The average hours actually worked by workers on the payroll for any part of the week in all manufacturing industries combined (42.4) fell 1.1% between August and September, reflecting the observance of Labor Day by some workers. Material shortages also tended, no doubt, to reduce the length of the work week. Compared with a year ago there was an increase of 3.9%. Durable-goods workers averaged 44.6 hours per week, a decrease of 1.4% over the month, but a gain of 5.6% over the year. The work week of nondurable-goods wage earners averaged only 39.6 hours, 0.7% shorter than in August and 0.9% longer than a year ago. Hours actually worked are necessarily always less than scheduled hours because for a variety of reasons some of the workers are employed for only part of the scheduled week.

"Of the 49 durable-goods industries, only 5 averaged less than 40 hours of actual time worked per worker per week, while 26 worked more than 44, indicating the continued high tempo of war production. The machine tool industry averaged 50.9 hours per week; firearms, 49.0; aircraft engines, 47.9; and machinery and machine-shop products, 47.7.

"The average weekly earnings in all manufacturing industries were $37.88, an increase of 1.3% since August and 25.0% since September a year ago. For the durable-goods group the earnings were $44.47 with gains of 1.4 and 27.9%, respectively, over the month and year intervals. Non-durable-goods workers averaged $29.71 a week, the gains over the month and year intervals being 1% and 15%, respectively. (These average weekly earnings are not comparable with previously published figures because of a change in the method of computing. Formerly they were obtained by dividing the total reported weekly pay roll by the total number of wage earners reported without any attempt to weight the various industries according to their importance. The present figures have been obtained by multiplying the weighted average hourly earnings by the corresponding weighted average weekly hours.)

"Of the 14 nonmanufacturing industries for which man-hour information is available, all but 2 (anthracite and metal mining) showed higher average hourly earnings in September than in August and all showed higher earnings than a year ago. Building construction workers averaged the highest hourly earnings (120.1 cents) and bituminous coal miners, the next highest (107.0 cents). Workers engaged in crude oil production averaged 104.7 cents an hour and electric light and power workers, 100.5 cents.

"Gains in average weekly hours between August and September were reported by 9 of the 14 nonmanufacturing industries surveyed. In anthracite and bituminous-coal mining the increases were 5.3 and 4.1%, respectively, indicating a stepping-up of production. Oil well employees averaged 2.6% more hours per week than last month, telephone and telegraph employees, 1.6% more, and private building construction workers, 1.3% more. The average work week for retail stores was reduced by 2.5%, reflecting Labor Day closings, and for street railways and buses by 2.4%, indicating less demand for public transportation during the holiday. Average weekly earnings showed increases over the month interval in 12 of the 16 nonmanufacturing industries surveyed, and gains over the year interval in all of the covered industries."

It is pointed out in the Labor Department's advices that manufacturing plants converted to war production are continued under their peace-time industry classifications.

Seek To Raise So. American Living Standard

President Roosevelt told his press conference on Nov. 24 that raising the living standards and increasing the purchasing power of the smaller and poorer South American countries was part of this nation's good neighbor policy.

The President said he had had an interesting discussion with President Carlos Arroyo Del Rio of Ecuador, during his recent visit to Washington and, according to the Associated Press, this had turned upon two problems:

(1) The immediate problem of the war, and the general solidarity of the nations of North and South America.

(2) The future question of trying to get an economy for North and South America which will raise the standards and wealth of the smaller and poorer nations, without hurting the economy of the United States.

The advices added:

"The President regarded the latter question in terms of increasing purchasing power and compared it with what had been done in the southern part of the United States since he became President.

"At that time, he said, there was little money in the deep South for store purchases. The storekeepers' turnover was negligible. Purchasing power, he continued, was increased to the benefit of all—the Southern purchaser, the Southern storekeeper and the Northern factory which produced the things sold.

"There would be a hue and cry against helping the smaller South American countries in this fashion, he said, but actually, as in the case of the South, such a program would be of benefit to everybody.

"The same thing was true, he added, of his plans for rehabilitating countries occupied by American troops. The whole should be regarded not only from the point of view of humanitarianism, but from that of the American pocketbook.

"He plans to make a radio address on the general question soon, he said."

Commodity Year Book 'Master Edition' Out

Despite rationing and the diversion of many commodities from normal consuming channels, the United States is adequately equipped with raw material supplies for full military demands and the maintenance of the civilian economy, according to the Editorial Board of Commodity Research Bureau, Inc., New York, which on Nov. 18 released the 432-page "Master Edition" of its Commodity Year Book Series.

This comprehensive volume, selling at $7.50, presents separate articles on 836 different commodities which are the basis for military and civilian maintenance, with such detailed information as physical analysis source of production, principal uses and finished products, actual and possible substitutes, importance in the war effort, etc.

The book does not minimize the fact that the war has curtailed our supply of many materials produced in lands now under enemy domination such as hemp from the Philippines, rubber, tin, spices and "essential" oils from the Far East. However it does point out the tremendous advance in the various synthetics and how substitute materials have been used to excellent advantage In its discussion of synthetic rubber, the Commodity Year Book "Master Edition" takes a very optimistic view of the future as regards supplies. It states that "despite the impression which might be gained by the public synthetic rubber is a material that is well known to industry." The analysis discusses the "Buna and Butyl" rubbers and "Neoprene" at some length. The latter synthetic rubber, which is produced from acetylene gas, has been produced in the United States for over ten years with production before the war exceeding 5,000,000 lbs. annually despite the availability of lower-priced raw rubber.

Commodity Research Bureau Inc. also announces simultaneous publication of an additional volume, entitled "Commodity Statistics," which is in reality the 1942 Commodity Year Book — the fourth annual edition of this standard reference work. This latter volume is priced at $5.00. The publishers offer a set of the two above described volumes at the combination price of $10.00.

Cotton Spinning Industry For October, 1942

The Bureau of the Census announced on Nov. 20 that according to preliminary figures, 23,899,156 cotton spinning spindles were in place in the United States on Oct. 31, 1942, of which 23,012,046 were operated at some time during the month, compared with 22,956,224 for September, 22,793,572 for August, 23,109,576 for July, 23,094,560 for June, 23,117,204 for May, and 23,054,236 for October, 1941. The aggregate number of active spindle hours reported for the month was 11,429,157,806. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during October, 1942, at 136.9% capacity. This percentage compares, on the same basis, with 134.9 for September, 136.4 for August, 130.2 for July, 133.7 for June, 138.5 for May, and 125.9 for October, 1941. The average number of active spindle hours per spindle in place for the month was 478.

Corporate Earnings Down In First Nine Months Despite Enlarged Operations, Confer. Bd. Says

Despite successive peaks in business activity, corporate earnings during the first three quarters of 1942 were substantially below those of last year, according to the National Industrial Conference Board.

The Board's announcement, issued Dec. 2, says:

"Net income of 352 industrial enterprises included in the Board's compilations declined from $1,277,000,000 during the first nine months of 1941 to $926,000,000 in the corresponding period this year, a decline of 28%. Two hundred and ninety manufacturing corporations reported a decline in net from $1,160,000,000 to $818,000,000, while 33 mining companies reported a decline from $82,000,000 to $80,000,000, or 2%. Fifteen corporations engaged in retail trade reported net earnings at $10,000,000 for the first three quarters of this year, against $13,000,000 last year, a decline of 24%, while seven printing and publishing companies showed a drop in net from $5,900,000 to $3,300,000, or 45%. The net income of 29 public utilities companies is reported at $254,000,000 this year, against $269,000,000 last year.

"The railroad companies continued to be the outstanding exceptions to the general rule, 50 of the rails showing a gain in net from $227,000,000 to $363,000,000, or 60%. Eleven coal mining companies also showed a gain, the figures being $9,600,000 and $8,300,000, or an increase of 16%.

"The grand total of 431 corporations included in the Board's list reported net income during the first three quarters this year of $1,542,000,000, against $1,772,000,000 last year, or a loss of 13%.

"A tabulation of the returns of 205 industrial corporations for which tax reserves are reported reveals that taxes were the principal factor in the reduction of net income, although higher operating expense and conversion costs are important contributing causes. This group of corporations reported net income before taxes in the amount of $2,223,000,000 for the first nine months of this year, against $2,053,000,000 last year, an increase of 8%, but their tax reserves rose from $1,060,000,000 to $1,516,000,000, or 43%. Tax reserves rose to 68.2% of income before taxes, against 51.6% last year. Net income after taxes, accordingly, fell from $993,000,000 last year to $707,000,000 this year, or 29%.

"Analysis of income statements of 118 durable goods companies revealed that income before taxes increased 7% over nine months of 1941 but that tax reserves rose 42%. Seventy-four cents per dollar of income before taxes was set aside for taxes, compared with 56 cents in 1941; net income after taxes declined 37%. With the exception of automobile manufacturers who showed both lower earnings and lower tax reserves, substantially increased earnings were reported before taxes by each of the component durable goods industries. Twelve machinery companies earned 77% greater income before taxes, but a tax reserve two and one-half times the 1941 reserve was set aside, and net income after taxes fell 22%. A drop of 39% in after-tax income of steel corporations resulted from reserves representing 78% of before-tax earnings, compared with 54% last year. Twelve electrical equipment producers reserved 83 cents out of every dollar of before-tax earnings, and the increase of 52% in the latter became a 34% decrease after taxes.

"The 71 non-durable goods companies were in a relatively better position, with before-tax income up 10% and after-tax income down 19%. Textile manufacturers had the largest increase in earnings before taxes, but tax reserves were more than doubled in 1942 and net income after taxes declined along with all other non-durable goods groups. Fourteen chemical manufacturers earned 27% less, after reserving for taxes 67 cents of each dollar of their slightly increased taxable earnings.

"Net income after taxes of 290 manufacturing corporations increased to $299,000,000 in the third quarter of 1942 from $246,000,000 in the preceding three months. Non-durable manufacturers accounted for a larger share of this gain than did the durable goods producers, the former rising 32%, the latter, 13%. All industry groups, however, earned less than their 1941 third-quarter income with the single exception of textile manufacturers. Income statements of durable goods manufacturers varied from a reported increase of 56% for ten electrical equipment companies to a decrease of 34% for railroad equipment concerns in the third quarter, compared with the second. Office equipment and steel groups also reported declines. Improvement was general throughout the non-durable goods industries except for paper products. Public utilities continued their decline, with electricity and gas companies experiencing much greater decrease than telephone and telegraph companies. The railroads again greatly improved their position, gaining 49% over the second quarter, which was 76% above the first. The result of these changes was a three months' gain of 22% for the 431 companies, their net income rising to $592,000,000 from $486,000,000.

"A tabulation of results for 40 manufacturing concerns reveals that dividend payments in the first nine months of the year fell off at about the same rate as income after taxes. The proportion of net income, after taxes, paid to stockholders remained the same, 55% in each year. Federal tax reserves this year, however, exceeded dividend payments by 224%, as compared with 66% last year. The gain in tax reserves for these companies, it should be noted, was less sharp than that for the larger group of 205 corporations. Dividends paid by the 40 companies aggregated $86,000,000 in the first nine months of this year, as compared with $122,000,000 last year, a decrease of 30%."

St. Louis Reserve Bank Appoints New Directors

In the recent election of directors of the Federal Reserve Bank of St. Louis, A. Wessel Shapleigh, President of the Shapleigh Hardware Co., St. Louis, was elected by member banks in Group 1 as a Class B director, and Max B. Nahm, Vice-President of the Citizens National Bank, Bowling Green, Ky., was reelected by member banks in Group 2 as a Class A director, according to announcement of Wm. T. Nardin, Chairman of the Board. Each was chosen for a term of three years beginning Jan. 1, 1943. Mr. Shapleigh succeeds James W. Harris, Chairman of the Board of the Harris-Langenberg Hat Co., St. Louis, who declined to be a candidate for reelection, having served as a Class B director and as a member of the Executive Committee of the bank since March, 1929.

Fundamental Definition Of Taxable Corporate Income Changed Again In New Law

The 1942 Internal Revenue Act contains an entirely new definition of net income on which the corporate normal and surtax and excess profits tax are based, according to Maxwell E. McDowell, head of the tax department of the Standard Oil Company (New Jersey). Mr. McDowell, together with Walter A. Cooper, in charge of tax work for the accounting firm of Peat, Marwick, Mitchell & Co., spoke Nov. 23 at the November meeting of the New York City Control of the Controllers Institute of America, held in the Hotel New Yorker. Mr. McDowell said:

"The fundamental definition of net taxable income has been changed three times in the last three years. In 1940 the normal tax was first computed on the total net income. This tax was then deducted, and the balance was the net income subject to excess profits tax. In the 1941 law this method was reversed. The total net income was first subjected to the normal and surtaxes. In each case the total net incomes was the base for both taxes.

"In the present law the total net income is divided into mutually exclusive parts. The part which is subjected to the normal and surtax rates is not subject to the excess tax rates — and, vice versa, that part which bears the 90% rate is not subject to the 40% rate. This division of the net income is quite accidental as between different taxpayers. It depends upon the amount of excess profits tax credit which each company has.

"Since this credit depends in nearly all cases on historical and accidental facts entirely beyond the corporation's control, the result is that the fortunate companies with large excess profits tax credits pay the 40% rate on the bulk of their income, while the unfortunate companies with small credit have the larger part of their earnings taxed at the 90% rate. In other words, the income subject to the excess profits tax is not in fact excess profits. When a tax rate has reached 90%, it can only be applied with fairness to that part of income which truly constitutes excess profits, or which represents excessive earnings due to wartime operations."

In his address, Mr. Cooper explained some of the major corporate amendments in the new tax law, giving particular attention to the changes in the General Relief Provision (Section 722) which broaden the circumstances which will be considered in reconstructing the average base period earnings for the purpose of determining the excess profits tax credit. In his remarks Mr. Cooper stated:

"The law now recognizes cases in which the taxpayer's business or the industry of which it was a part was depressed because of unusual, temporary economic circumstances. For instance, if a company which formerly sold all, or substantially all, of its output to one customer lost that customer and had to seek new outlets, its earnings were very much less during that period than either before or after. An example affecting a whole industry would be a price war temporarily depressing the earnings of all its members.

"Relief is also provided for cases in which the profit cycle prevailing in the industry in which the taxpayer is a member differs materially in length and amplitude from the general business cycle. Certain heavy industries, such as the machine tool industry, have shorter cycles of prosperity than do others. Another beneficiary of the new law is the business—such as canning—which can normally expect to earn very large profits in certain years and sustain losses or earn little or no profit in other years. If an examination of the past history of any taxpayer indicates that the firm should have, on the average, two good years out of four, but that in the base period it had only one good year out of four, it would be entitled to relief."

Mr. Cooper pointed out other important changes in the relief provisions. Under the new amendments, for instance, a change in the operation or management constitutes a change in character, and hence entitles the taxpayer to relief. The taxpayer may be granted relief if it began business immediately prior to the base period. If the taxpayer was committed to a course of action, such as building additional plant facilities, before Jan. 1, 1940, it can reconstruct income on the basis of including the capacity of such facilities—even though they might not have been completed until 1941 or later. Mr. Cooper added:

"Taxpayers limited to the invested capital method may obtain relief if they can show that the business is of a class in which intangible assets make important contributions to income; that the business is of a class in which invested capital is not an important income-producing factor, or that the invested capital is abnormally low. In such cases, however, the form of relief is not to determine a constructive invested capital but to determine a constructive average base period net income.

"The Treasury Department has rendered a real service in ferreting out such situations and not only approving, but proposing, many modifications to remove the inevitable hardship. A strenuous attempt has been made to develop an equitable basis for taxation, to draw the line between normal and excess profits, and to relieve inequities."

Must Not Disclose Production Rates

The Securities and Exchange Commission has taken occasion to call attention to an announcement by the War Department, Bureau of Public Relations, on Oct. 28, 1942, relating to the publication of reports indicating production rates. The text of the War Department's statement as made available by the SEC, follows:

"Emphasizing that inadvertent disclosure of military information can be as harmful as the deliberate giving of aid to the enemy, the War Department announced today that companies engaged in war production are enjoined from publishing detailed operating statements or other reports that would indicate in any way the rates of production, or the total production, of a particular product used in the prosecution of the war, or war production processes.

"It is desired that interference with normal financial procedures be held to a minimum, and that information that would normally be available will continue to be complete enough so that investors, financial institutions and stock exchanges will not be unduly impeded.

"In general, the following procedures are recommended:

"Sales and costs of sales should be omitted when they would disclose production rates or totals of specific war items.

"Sales of war items should be grouped in one gross sum.

"Inventories of raw materials, materials in process and finished products should be grouped together.

"Terms of war contracts should not be given.

"Advances on contracts should be stated in one amount.

"Production processes and new developments which might affect the conduct of the war should not be disclosed.

"It is not contemplated that a detailed set of rules and regulations be issued covering all contingencies, since individual company executives, by bearing in mind the basic principles involved and the illustrations given above, will be able to judge the type and scope of information that should be withheld from publication.

"Where it is necessary to omit from or summarize in financial statements and reports information required to be submitted to the Securities and Exchange Commission, such omitted information should be filed with the Commission under separate confidential cover pursuant to Rule 171 under the Securities Act of 1933, Rule X-6 under the Securities Exchange Act of 1934, or Rule U-105 under the Public Utility Holding Company Act of 1935. The advice of the Commission will be available with respect to problems arising in connection with financial statements and reports required to be filed with it. The Commission is working in close cooperation with the Bureau of Public Relations of the War Department with regard to these questions.

"The Espionage Act (Act of June 15, 1917, as amended March 25, 1940) makes punishable the giving or obtaining of information with intent or reason to believe that it is to be used to the injury of the United States, and all business executives concerned are urged to study the detailed provisions of this Act so as to avoid its inadvertent violations."

Alfriend Treasurer Of Seamen's Service Group

John S. Alfriend, President of the National Bank of Commerce, Norfolk, Va., was named Treasurer of the Port of Hampton Roads Executive Committee of United Seamen's Service, Douglas P. Falconer, National Executive Director of the organization, announces. Other members on the Committee are: S. P. McConnell, President, Colonial Oil Co.; Thomas A. Hanes, Managing Editor, Norfolk "Ledger-Dispatch"; Lt. Col. Chester B. Koontz, Manager, C. H. Sprague & Son Co.; D. F. Mallette, port representative, War Shipping Administration; Leon T. Seawell, D. M. Thornton, Southgate Brokerage Co.; Capt. J. D. Wood, President, Wood Towing Corp.; Robert B. Mills, Secretary, National Maritime Union, and Martin Trainor, Secretary, Seafarers' International Union.

With the help of the Committee, United Seamen's Service is planning to meet seamen's needs in Hampton Roads, Norfolk and Newport News, either in the form of a hotel, recreation club or recuperation center for torpedoed merchant seamen. Founded under Government auspices, the United Seamen's Service has already opened two recuperation centers and one recreation club in the New York port area and another rest center near Baltimore. Plans are under way for similar openings in other key coastal ports of the nation and abroad.

Admiral Emory S. Land, War Shipping Administrator, is Chairman of the Board of Trustees and Henry J. Kaiser, West Coast shipbuilder, is President.

Tenders Of Sydney 5½s

Tenders of City of Sydney, New South Wales, Australia, 25-year 5½% sinking fund gold bonds, due Feb. 1, 1955, will be received at the Corporate Trust Department of City Bank Farmers Trust Co., New York City, fiscal agent, in amount sufficient to exhaust any funds available in the sinking fund. Offer to sell at prices not exceeding 100% of principal and accrued interest, must be submitted in writing on or before noon Dec. 17.

Outline Nation-Wide Program To Reduce Farm Fire Losses To Conserve Food

Calling attention to the importance of food in winning the war, a group of rural fire prevention authorities from all parts of the country, meeting in Chicago on Nov. 30, outlined a nation-wide program for reducing farm fire losses. The meeting was held by the National Fire Waste Council's Agricultural Committee and the National Fire Protection Association's Farm Fire Protection Committee. A joint statement issued said:

"Food is of basic importance in winning the war and rebuilding the post-war world.

"Maintaining the production and conservation of essential food supplies for our Armed Forces, our Allies, and our home front war workers and citizens is the responsibility of America's farm and rural communities.

"Continued annual destruction by fire of $200,000,000 of the nation's farm and rural property represents an intolerable sabotaging of our war effort, now more serious than ever before, because of the impossibility of adequate replacement—probably for the duration.

"Loss of some 3,500 lives annually by rural fire, augmented by several times that number of injuries is a tragic and unnecessary depletion of critical rural manpower.

"The Farm Fire Protection Committee of the National Fire Protection Association and the Agricultural Committee of the National Fire Waste Council, assembled in joint annual meeting, hereby call upon all organized fire safety agencies, both private and government, and upon every organization and citizen in rural America to prevent and control rural fires, and thereby to reduce this deplorable waste of human and material resources."

A feature of the meeting was the luncheon address of Reuben Brigham, in charge of the Extension Service of the Department of Agriculture, on "Rural Fire Prevention in War Time."

Other addresses and reports were given by a number of the nation's rural fire prevention authorities.

Dr. David J. Price, of the United States Department of Agriculture, president of the National Fire Protection Association, and Rush W. Carter, of the Aetna Insurance Co. and Farm Underwriters' Association, of Chicago, presided at the sessions. Richard E. Vernor, Vice-President of the National Fire Protection Association and an executive of the National Fire Waste Council, presided at the luncheon meeting.

The National Fire Waste Council, of which the National Fire Protection Association is a member, is affiliated with the Chamber of Commerce of the United States, and was organized in 1922 to include 31 national fire safety organizations for the purpose of advising chambers of commerce and business organizations on fire prevention and protection.

Mexico Pays on U.S. Claims

Dr. Francisco Castillo Najera, the Mexican Ambassador in Washington, presented to Secretary of State Cordell Hull, on Nov. 27, the Mexican Government's check for $2,500,000 in American currency, representing the first annual installment due to the United States under the 1941 Claims Convention.

Under the terms of the pact, concluded Nov. 19, 1941, Mexico agreed to pay the United States $40,000,000 in settlement of so-called general claims and the agrarian claims made by American citizens. Previous payments totaled $6,000,000, which together with the present payment, leaves $31,500,000 to be liquidated over a period of years, at a rate of $2,500,000 annually.

The agreement was referred to in these columns Nov. 27, 1941, page 1248.

The House on Nov. 24 passed a bill to create machinery for paying claims of American nationals against the Mexican government, out of the $40,000,000 agreed upon by Mexico. The claims exclude those arising from Mexico's expropriation of petroleum properties in 1938. Under the bill, which now goes to the Senate, a separate Mexican claims fund would be set up in the Treasury from which awards would be made as adjudicated by a one-man commission appointed by the President.

Mexico To Buy Bond Issues

Holders of Republic of Mexico 5% consolidated external loan of 1899, 4% external gold loan 1910, and 6% 10-year treasury notes of 1913 (Series "A" £6,000,000), are being notified that the Banco de Mexico will buy an aggregate face value of not less than £7,000,000 of these bonds, provided they are presented for payment not later than Dec. 23, 1942. The announcement states that the bank will buy the following aggregate amount of each series:

"£2,000,000 face value Republic of Mexico 5% consolidated external loan of 1899 in good delivery bonds of denominations of £100/—face value.

"£2,000,000 face value Republic of Mexico 4% external gold loan of 1910 in good delivery bonds at $13 for each £20/—face value.

"£3,000,000 face value Republic of Mexico 6% 10 year treasury notes of 1913 (Series "A" £6,000,000/—) in good delivery bonds at $15 for each £20/—face value."

Holders who desire to accept this offer are urged to deposit their bonds at the Corporate Agency Department of the Chase National Bank of the City of New York, 11 Broad Street, or 6 Lombard Street E. C. 3, London, England, within the period indicated. It is stated that if sufficient bonds of each series are not deposited and the Banco de Mexico decides not to acquire them for this reason, the Chase National Bank will return the bonds to depositors.

Pay On Rio Grande 6s & 7s

Holders of State of Rio Grande do Sul (United States of Brazil) 6% external sinking fund gold bonds due June 1, 1968, are being notified that funds have been remitted to its special agent, White, Weld & Co., for the payment of coupons due June 1, 1940, at the rate of 15.05% of the dollar face value, or $4.515 per $30 coupon. These funds have been remitted in accordance with the provisions of Presidential Decree No. 23829 of Feb. 5, 1934, as reenacted and modified by Decree Law No. 2085 of March 8, 1940. Cash payment of the above rate in full satisfaction of these coupons is now being made upon presentation and surrender of the coupons to the special agent at 40 Wall Street, New York. Unpaid coupons maturing Dec. 1, 1931, to Dec. 1, 1933, inclusive, must remain attached to the bonds for future adjustment.

The Chase National Bank announces that it has received as special agent, funds with which to pay holders of State of Rio Grande Do Sul (Brazil) consolidated municipal loan 40-year 7% sinking fund gold bonds due June 1, 1967, 15.05% of the face value of coupons due June 1, 1940. This payment amounts to $5.2675 for each $35 coupon and $2.63375 for each $17.50 coupon, and is in full payment of all interest claims. Payment of the interest may be obtained at the coupon paying division of the bank, 11 Broad Street, New York.

President Orders Liquidation Of WPA; Says Work Relief Program Not Needed Now

President Roosevelt on Dec. 4 ordered the "prompt liquidation" of the affairs of the Work Projects Administration.

In a letter to Major-Gen. Philip B. Fleming, Federal Works Administrator, the President said the WPA rolls had greatly decreased through the "tremendous increase in private employment, assisted by the training and re-employment efforts of its own organization, to a point where a national work relief program is no longer necessary."

The President ordered the closing out of all project operations in many States by Feb. 1, 1943, and in other States as soon thereafter as feasible.

Saying that he was "proud" of the WPA organization, the President told Gen. Fleming that "the knowledge and experience of this organization will be of great assistance in the consideration of a well-rounded public-works program for the post-war period."

He added that the WPA "has asked for and earned an honorable discharge."

From the time it was established in May, 1935, and up to last June 30, the WPA spent over $10,400,000,000 and gave employment to 8,000,000 persons with 30,000,000 dependents.

The WPA reported that the number of persons on its rolls had dropped to 354,619 on Nov. 24, 1942, compared with a peak employment of 3,334,594 back in November, 1939.

The WPA's appropriation from Congress for the fiscal year begun last July 1 was $280,000,000, compared with $875,000,000 allowed it the year before, and a peak allowance of $2,250,000,000 it got for the year ended June 30, 1939.

The text of the President's letter follows:

"In my annual message to the Congress seven years ago I outlined the principles of a Federal work relief program. The Work Projects Administration was established in May, 1935, and it has followed these basic principles through the years. This Government accepted the responsibility of providing useful employment for those who were able and willing to work but who could find no opportunities in private industry.

"Seven years ago I was convinced that providing useful work is superior to any and every kind of dole. Experience has amply justified this policy.

"By building airports, schools, highways and parks; by making huge quantities of clothing for the unfortunate; by serving millions of lunches to school children; by almost immeasurable kinds and quantities of service the Work Projects Administration has reached a creative hand into every county in this nation. It has added to the national wealth, has repaired the wastage of depression and has strengthened the country to bear the burden of war. By employing 8,000,000 of Americans, with 30,000,000 of dependents, it has brought to these people renewed hope and courage. It has maintained and increased their working skills; and it has enabled them once more to take their rightful places in public or in private employment.

"Every employable American should be employed at prevailing wages in war industries, on farms or in other private or public employment. The Work Projects Administration rolls have greatly decreased, through the tremendous increase in private employment, assisted by the training and re-employment efforts of its own organization, to a point where a national work-relief program is no longer necessary. Certain groups of workers still remain on the rolls who may have to be given assistance by the States and localities; others will be able to find work on farms or in industry at prevailing rates of pay as private employment continues to increase. Some of the present certified war projects may have to be taken over by other units of the Federal Works Agency or by other departments of the Federal Government. State or local projects should be closed out by completing useful units of such projects or by arranging for the sponsors to carry on the work.

"With these considerations in mind I agree that you should direct the prompt liquidation of the affairs of the Work Projects Administration, thereby conserving a large amount of the funds appropriated to this organization. This will necessitate closing out all project operations in many States by Feb. 1, 1943, and in other States as soon thereafter as feasible. By taking this action there will be no need to provide project funds for the Work Projects Administration in the budget for the next fiscal year.

"I am proud of the Work Projects Administration organization. It has displayed courage and determination in the face of uninformed criticism. The knowledge and experience of this organization will be of great assistance in the consideration of a well-rounded public-works program for the post-war period.

"With the satisfaction of a good job well done and with a high sense of integrity the Work Projects Administration has asked for and earned an honorable discharge."

Mexico Plan To Resume Foreign Debt Payment

The Government of Mexico, through its Finance Minister, Eduardo Suarez, and the International Committee of Bankers on Mexico, by its Chairman, Thomas W. Lamont, of J. P. Morgan & Co., Inc., announced on Nov. 27 that after extensive negotiations held in New York, an agreement had been reached for submission to bondholders concerning the adjustment of the direct external public debt of Mexico, to the extent that such debt is not enemy owned or controlled. According to the announcement the offer to be made by the Government provides for the resumption, beginning in 1943, of the payment of interest on a modified and reduced basis on the Government's direct external debt, and for the retirement, over a period extending to 1963 in the case of the secured external debt, and to 1968 in the case of the unsecured external debt, of the principal of such debt on the basis of one peso for each dollar of presently outstanding principal. Precedence in such redemption is given to the secured debt. The committee's announcement further explained:

"Payments of interest will be made by means of annuities which will be apportioned among the different classes of the external debt on a fixed schedule of payments and on a scale varying with the type and security of the different issues. All payments by the Government will be made at the option of the holders in pesos or in dollars at a fixed rate of exchange equivalent to the present level.

"The Government will purchase interest obligations due from Jan. 1, 1923, to Dec. 31, 1942, at the rate of 1% of the face amount thereof and other interest obligations due prior to Jan. 1, 1923, at the respective rates of .2% and .1%, depending on whether the obligation is of the category represented by receipts for interest in arrears, Class A or Class B, issued under the plan and agreement of June 16, 1922.

"The Government requires as a condition precedent to the acceptance of the agreement by bondholders who have deposited their bonds under the plan and agreement of 1922, that such holders consent to the application for the purposes of the agreement of their proportionate shares of the funds in the hands of the Committee as such shares may be determined. The agreement provides that as to such consenting bondholders such shares shall be used to provide in part the expenses of the new agreement and in part the first applicable annuities. The Railway Debt is not included in the present agreement. At a later date, and within a period of six months, the Minister of Finance will announce an offer to the holders of the Railway Debt.

"The agreement has been submitted by the Minister of Finance to President Avila Camacho, who ordered it to be sent to Congress."

A decree law on the settlement, proposed by President Camacho, was approved on Dec. 12 by the Mexican Chamber of Deputies.

The New York "Times" reported from Mexico City Dec. 12 that:

"It makes clear that the settlement covers only the holders of bonds that have been declared in accordance with the decrees issued by the Mexican Government last Aug. 4 and Oct. 24 to prevent funds going to Axis-held countries.

"The President's message put the value of Mexican bonds held in Continental Europe at $50,000,000 to $60,000,000."

Roosevelt and Curtin Exchange Messages

Prime Minister John Curtin of Australia cabled to President Roosevelt Australia's "gratitude and appreciation" for American successes in the Solomon Islands campaign and the President, in reply, has expressed pleasure over the progress of Allied forces in New Guinea, it was reported on Nov. 23 by United Press advices from Canberra, which quoted Mr. Curtin as saying:

"In behalf of the people and the government of Australia, I convey to you the gratitude and appreciation we have for the magnificent services rendered to us by your gallant forces in the battles of the Solomons.

"The association of our fighting men has been complete and I value it not only for what has been achieved but as symbolical of the unity and determination our countries have in the great struggle we are jointly and wholeheartedly waging to serve ourselves and civilization."

President Roosevelt's reply was given as follows in the same advices:

"I am very grateful to you for your telegram of congratulation on the battles of the Solomons and I am delighted that our joint forces are doing so splendidly in New Guinea."

Milk Subsidy In N. Y.

The Department of Agriculture has announced that the Federal subsidy of a cent a quart on New York's fresh milk will be continued through December at a cost of approximately $880,000. Under the program, the Commodity Credit Corp. will buy Class 1 fluid milk from distributing companies for $3.50 a hundredweight and will sell it back to them for $3.10 a hundredweight. The same subsidy was paid in November. A half-a-cent-a-quart subsidy was begun in October to relieve the "squeeze" between increased farm prices for milk and Office of Price Administration wholesale and retail ceilings.

The November subsidy payment was referred to in these columns Nov. 19, page 1804.

President Asks Congress To Permit More Effective Use Of Govt. Supplies

President Roosevelt asked Congress on Nov. 30 to amend the Budget and Accounting Act of 1921 so as to "promote a more effective utilization of government supplies and equipment both during and after the war." In his message, the President specifically cited the fact that "there is an urgent demand on the part of certain war industries for air conditioning equipment" and that this need could be met to a great extent if transfer of the equipment now in Government buildings were authorized by legislation. The text of the President's message follows:

"To the Congress of the United States:

"Under our system of direct appropriations by Congress to operating agencies for specific purposes, each executive agency proceeds quite independently to acquire and to utilize the material, supplies, equipment, and other property which it deems necessary for the purposes of each appropriation. Both the Bureau of the Budget in preparing the annual budget and supplemental or deficiency estimates of appropriation, and the Congress in appropriating funds, must consider the need for such items on the basis of the individual appropriation and function to be performed. The legislative branch quite properly insists that the cash and equivalents made available in an appropriation to the executive branch shall be used exclusively for the specific purposes of the appropriation. I recognize fully that unless the integrity of our appropriation structure is so maintained our entire budgeting and appropriating systems would be nullified.

"On the other hand, I find that with respect to operating materials, supplies, equipment, and other property, existing limitations, or, perhaps more accurately, lack of affirmative legislation, unnecessarily handicaps efficient management. Standards of supply and equipment stocking and utilization exist only here and there throughout the executive branch and are quite uncoordinated. Excessive stocks, inefficient utilization, lack of fluidity of use among kindred action programs, and waste in other forms, are all too apparent.

"Only to the extent that property is found to be 'surplus' to the needs and purposes of the appropriation under which it was acquired can it be made effectively available for other uses. In Executive Order No. 9235, of Aug. 31, 1942, I provided, as far as appeared possible under existing law, for an over-all executive control of 'surplus' supplies and equipment. New legislation is necessary, however, to provide for such a measure of control of the vast quantities and wide variety of supplies and equipment in the possession of our executive departments and establishments as will insure their complete mobilization for war, and also provide that degree of fluidity of use which is essential to efficient peace-time management.

"As an example of the need for this legislation in the interest of the successful prosecution of the war, there is an urgent demand on the part of certain war industries for air conditioning equipment, which need would be met in considerable part by utilizing for this purpose equipment now in Government buildings.

"I, therefore, recommend early consideration by the Congress of legislation, in amendment of the Budget and Accounting Act of 1921, which will promote a more effective utilization of Government supplies and equipment both during and after the war.

"FRANKLIN D. ROOSEVELT.

"The White House,

"Nov. 30, 1942."

The $25,000 Ceiling on Salaries

Below we give the views expressed by Paul Mallon in the New York Journal-American last week, on the consequences to be expected should the $25,000 ceiling on salaries stand:

"A complete re-making of America would result if Mr. Roosevelt goes through with the idea of limiting all personal profits to $25,000 net after taxes. It is a new idea and no one seems to be thinking about the effect it would have on the average taxpayer, worker or business man, but someone had better start.

"No one cares about the rich. They will get along on their $25,000 but the question is what the limitation will do to the average man and the country as a whole.

"All the progress that has been made in America has depended upon investment, risking money for the chance to get more.

"When the Government says no one can get more than $25,000, not even to pay 75 to 90 per cent of the excess into the Treasury in taxes, how many new ventures will be made to furnish employment and good wages and good working conditions?

"Certainly no one hereafter would invest a million in new or old enterprise, and no one who already has an income of $25,000 net will make any more investments or contribute in any way to national economic welfare.

"The effect of the $25,000 limitation on salaries that has been made already can be seen when the movie actors make their one or two pictures a year and quit.

"What will happen when investment quits? Who will be helped? What will happen to American productive enterprise, the superior quality of which is enabling us to win the war because other nations cannot match it? Who will build the factories of the future?

"Where can the Treasury get the bulk of its money hereafter, unless it increases the taxes on all the rest of us who are not rich to replace the taxes lost by this limitation? Who would be helped?

"Does not this well-sounding political move involve the most revolutionary reform ever mentioned by the New Deal?

"Could anyone possibly get any good out of it, except the Communists, who originated the idea many years ago—not to help anyone, but to prevent our successfully capitalistic democracy from being successful, so they could get control?

"Who else would be helped?"

Appoint New Directors Of Fed. Reserve Banks

The Board of Governors of the Federal Reserve System announces the appointment of Paul G. Hoffman, President of the Studebaker Corporation, South Bend, Ind., as a Class C Director of the Federal Reserve Bank of Chicago, for the unexpired portion of the term ending Dec. 31, 1943.

The Board also announces the appointment of Y. Frank Freeman, Vice-President of Paramount Pictures, Inc., as a Director of the Los Angeles Branch of Francisco, for the unexpired por- 1943.

Labor Bureau's Wholesale Commodity Index Again Unchanged In Week Ended Dec. 5

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Dec. 10 that the general level of wholesale prices again remained unchanged in the week ending Dec. 5, and the Bureau's index of nearly 900 prices stood at 100.1% of the 1926 average. As in earlier weeks principal market changes were for farm products, with declines in hogs and in fruits and vegetables, largely offsetting higher grain prices.

The Bureau's announcement further stated:

Farm Products and Foods: Continued declines in prices for hogs together with lower quotations for citrus fruits, apples, and potatoes contributed to the decline of 0.2% in average prices for farm products. All grains advanced. Wheat was up about 1%; oats, 3%; corn, 4%, and rye, more than 6%. Higher prices were also reported for ewes and live poultry in the Chicago market, and for cotton, peanuts, seeds, and dried beans.

Average market prices of foods dropped 0.3%, offsetting the gain of the preceding week. In addition to lower prices for fruits and vegetables, cottonseed oil declined more than 2%. Quotations were higher for flour, corn meal, and oatmeal.

Cattle feed advanced 1.9% as a result of higher prices for bran, middlings, and cottonseed meal.

Industrial Commodities: Prices for most industrial commodities continued steady. Higher freight rates brought f.o.b. destination prices for bituminous coal up slightly. Quotations were higher for some types of lumber such as gum, white oak, sugar pine, and for maple flooring. Certain types of fertilizer materials including cottonseed meal and ground bone also advanced during the week. Lower prices were reported for Ponderosa pine lumber, for turpentine and for heating equipment.

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for Nov. 7, 1942, and Dec. 6, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Dec. 5, 1942 from—		
Commodity groups	12-5 1942	11-28 1942	11-21 1942	11-7 1942	12-6 1941	11-28 1942	11-7 1942	12-6 1941
All commodities	*100.1	*100.1	*100.1	*99.7	92.2	0	+0.4	+8.6
Farm products	110.6	110.8	110.9	109.8	90.8	—0.2	+0.7	+21.8
Foods	103.3	103.6	103.3	102.9	88.7	—0.3	+0.4	+16.5
Hides and leather products	118.4	118.4	118.4	118.4	115.4	0	0	+2.6
Textile products	96.6	96.6	96.6	96.6	90.7	0	0	+6.5
Fuel and lighting materials	79.8	79.7	79.7	79.6	79.2	+0.1	+0.3	+0.8
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.3	0	0	+0.6
Building materials	110.0	110.2	110.2	110.2	107.4	—0.2	—0.2	+2.4
Chemicals and allied products	99.6	99.5	99.5	96.2	89.7	+0.1	+3.5	+11.0
Housefurnishing goods	104.1	104.1	104.1	104.1	101.9	0	0	+2.2
Miscellaneous commodities	90.0	89.9	89.9	88.7	87.2	+0.1	+1.5	+3.2
Raw materials	103.7	103.8	103.8	103.2	90.0	—0.1	+0.5	+15.2
Semimanufactured articles	92.5	92.5	92.5	92.5	89.7	0	0	+3.1
Manufactured products	*99.7	*99.7	*99.7	*99.3	93.9	0	+0.4	+6.2
All commodities other than farm products	*97.8	*97.8	*97.8	*97.5	92.6	0	+0.3	+5.6
All commodities other than farm products and foods	*96.1	*96.1	*96.1	*95.7	93.7	0	+0.4	+2.6

*Preliminary.

Steel Operations Maintained At High Rate—Armament Readjustment Brings Cancellations

"This week WPB officials repeated their warnings that there is little hope for steel in the near future for such consumer items as washing machines, vacuum cleaners, refrigerators," states "The Iron Age" in its issue of today (Dec. 17), further adding in part: "When the steel supply does become easier, first industries to get consideration will be indirect military users such as railroads.

"Any slight increases in steel ingot inventory because of unbalance in the distribution picture have already been cleaned up, according to reports to 'The Iron Age.' One plant which has been working exclusively on ingots for Lend-Lease has maintained the same output with the WPB finding outlets for the steel. Evidence gathered in the last few days suggests that steel backlogs again are edging upward for some companies.

"Severe weather in some sections of the country has slowed the movement of iron and steel scrap, while dealers and consumers continue to suffer from the labor shortage.

"This week West Coast industry was discussing possibilities that stockpiles of iron and steel scrap under Government sponsorship may be located at strategic points in the Coast and intermountain areas to level off the flow of scrap and provide for regular absorption of low grade public drive scrap along with higher grade industrial material.

"In most war production areas, labor continues to occupy the No. 1 spot in the headache parade. The job freezing plan announced in Detroit last week applying to almost every worker in that area, will be carried through in a form applicable to the greater Cleveland's peculiar manpower problem under direction of the War Manpower Commission Labor-Management Committee."

The American Iron and Steel Institute on Dec. 14, announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.4% of capacity for the week beginning Dec. 14, compared with 98.6% one week ago, 98.7% one month ago and 97.9% one year ago. This represents a decrease of 0.2 point or 0.2% from the preceding week. The operating rate for the week beginning Dec. 14 is equivalent to 1,683,300 tons of steel ingots and castings, compared to 1,686,700 tons one week ago, 1,688,400 tons one month ago, and 1,617,500 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Dec. 14 stated in part: "Announcement of Production Requirements Plan quotas for first quarter, scheduled to be made by Dec. 15, is expected to stimulate placing of orders for steel materials.

"Many consumers have been holding back orders until they receive their allocations, to avoid a repetition of experiences of fourth quarter, which resulted in many suspensions and cancellations. Some improvement in buying has been noted in products where deliveries have been most extended, such as sheets and bars.

"Readjustment in the armament program continues to cause some cancellations and larger placements under PRP may not serve to balance this. At the same time specifications against long-term contracts are heavy.

"Deliveries are still deferred on most products although there has been some easing during the past fortnight on small bar rounds, which may be obtained in six to eight weeks on top ratings. On large rounds best promises are about 15 weeks. Most sheet sellers have little tonnage for delivery against top priorities before the middle of February, in hot and cold-rolled and galvanized.

"War Production Board has released some locomotive and freight car orders, which had been frozen earlier in the year, as a start toward the equipment desired by the carriers for 1943.

"Ore transportation on the Great Lakes has come to an end and the goal of 92,000,000 gross tons has been exceeded, though the exact figures for the season are not yet available. Ore on hand at furnaces and lower lake docks is ample for steelmaking until the 1943 season opens. All records were broken in 1942 and preparations are under way for a larger movement in 1943 to support an expanded steelmaking program if the war continues through that period. Additional carriers will be in service and trip capacity will be considerably larger.

"American Iron and Steel Institute reports steelworks had in stockpiles Oct. 31 reserves of 3,254,000 gross tons of scrap, sufficient for 3½ weeks at the current rate of consumption. This is about 1,460,000 tons more than they held April 1 but about 700,000 tons less than reserves as of Jan. 1, 1941. The latter was about equal to six weeks requirements at the rate of operation then prevailing.

"Steel ingot production holds near the high mark of recent months and in November made the largest output in history for a 30-day month, with 7,184,560 tons. It failed to equal the all-time high made in October but was well above production in November last year. Average per week in November was 1,674,723 tons, slightly below the 1,712,159 tons averaged per week in October."

Amends Rent Provisions

The Office of Price Administration has issued amendments to its maximum rent regulations with regard to adjustments. The amendments make the following changes in the provisions setting the conditions under which residential rents may be modified from the amount charged on the maximum rent date:

"1. No adjustment will be granted because of changes in the housing accommodations which were anticipated by the landlord and tenant and reflected in the rent charged on the date determining the maximum rent.

"2. Increases may be ordered where a major capital improvement occurred during the term of a lease which was in effect on the maximum rent date." The amendment removes the previous limitation, which specified that the improvement must have occurred within the six months prior to the maximum rent date.

"3. An adjustment may be granted where the rent on the maximum rent date was fixed by a lease which had been in force more than one year on that date."

The new language of the regulation excludes from consideration the date of signing and substitutes the date on which occupancy was to commence.

Conflict Among Gov't Agencies, Lend-Lease Causes Material Shortages NAM Declares

Failure of government to realize the scope of the war program in its planning, the conflict among government agencies to obtain materials and the unpredictable nature of Lend-Lease requirements have been major factors in the shortage of such basic materials as steel, rubber and copper, the National Association of Manufacturers charged on Nov. 24.

These findings were the result of an exhaustive study of "War Production and Shortages of Basic Materials" made by the Research Department of NAM for the benefit of industrialists attending the War Congress of American Industry in New York, Dec. 2, 3 and 4. The NAM announces that, cleared by the Office of Censorship, this 56-page study was placed in the hands of War Production Board officials before release of the announcement of the Controlled Materials Plan, which may clear up some of the conditions enumerated in the NAM report.

According to the NAM the survey summarized that:

"Shortages of basic raw materials, actual or threatened, are due to the following factors:

"1. Faulty planning by government agencies before Pearl Harbor;

"2. Lack of balance in the war production program, due partly to the lack of coordination between the Army, Navy, Maritime Commission and the War Production Board;

"3. Failure to realize in time the inadequacies of the system of priorities; and,

"4. Production has exceeded early estimates. Both government and private industry underestimated the capacity of American industry to produce munitions. Productive facilities have been increased until they are now out of step with raw materials supplies."

The report finds there are 12 factors that have contributed to the shortages. Among these it cites the conflict between various government procurement agencies, and the unpredictable character of the Lend-Lease shipments that are reported running approximately 13% of steel output.

In addition, the study listed pricing policies which failed to stimulate production of basic materials; uncoordinated control of the labor supply with resultant migration of workers from some essential industries; unreliable and conflicting statistical estimates which prevented efficient planning; the reluctance of the military agencies to substitute plentiful materials for scarce or essential products in specifications submitted to manufacturers; unavoidable construction that hindered production in the early months of the war; inadequate stockpiling of basic materials and delays in getting synthetic production under way.

Manufacturers' Profit Margins In Thirties 40 Per Cent Below Those Of Twenties

Profit margins of manufacturing corporations during the latter half of the period intervening between the two World Wars were 40% below those of the first half of that period, according to the National Industrial Conference Board, New York, which has just completed a detailed study of earnings-sales ratios during these years. Earnings on sales during the years 1919 to 1929 inclusive averaged 5%, as compared with 3% from 1930 to 1940, inclusive, according to the Board's figures. Manufacturers, says the Board, earned more per dollar of sales in 1919 than in any year thereafter, including both 1940 and 1941. The rate of return averaged 6.9% after taxes at the close of World War I, as against 5.1% at the start of the rearmament period in 1939, about 6% in 1940, and slightly less than 5.5% in 1941.

The Board's announcement issued Dec. 3 likewise said:

"Food, tobacco, and beverages constitute the only broad major field of manufacturing in which the average rate of return on sales from 1930 through 1940 was greater than during the eleven years preceding.

"The earnings record of the component industries in the second half of the postwar period (1930-1940) reflects not only sharply lowered level of returns, but also marked alterations in the relative profitability of the major fields of manufacture. Food producers, including tobacco and beverages, with below-average earnings during the Twenties joined the group with returns greater than the average for all manufacturing during the Thirties.

"Those industries with above-average returns in the initial decade following World War I, were again in the upper half of all manufacturing in the years following. Their average earning power over the latter period was, however, severely limited, the rates in some instances being cut in half. Thus, the stone, clay and glass industry topped the manufacturing field from 1919 through 1929 with average sales margins of 8.3%. Over the later period the corresponding rate of return was cut to 4%, losses during the depression years mounting to as much as 14.9% of sales in 1932. Producers of chemicals including petroleum and coal, averaged 5% over 1930-1940 compared with 8.0% in the earlier period. The important metal group in which fall motor vehicles, machinery, and other important durable goods had its earnings margin reduced from 6.7% to 4.0%, encountering losses of as much as 15% of sales in the years 1932-1934."

Status Of French In U. S. Will Remain Unchanged

The Treasury Department recently reassured French nationals residing within the United States that their status under the freezing order has not been changed by the action of Nov. 9 in including unoccupied European France within enemy territory. The announcement said:

"Officials pointed out that the recent amendment to General Ruling No. 11, which declared 'unoccupied' France within Europe to be enemy territory, did not mean that French citizens within the United States became enemy nationals. It did not result in blocking the accounts of French citizens within this country whose accounts heretofore have been freed under General License No. 42.

"As applied to unoccupied France, this amendment in effect provides that no person in the United States may engage in any transaction involving trade or communications with a person in unoccupied France without a license from the Treasury expressly referring to General Ruling No. 11. Ordinary transactions with French citizens in the United States may be carried on in the same manner as in the past."

Treasury officials emphasized that resident French nationals have no reason for alarm as a result of the latest action (referred to in these columns Nov. 19, page 1805).

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corpo- rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Dec. 15	116.78	107.09	116.80	113.89	108.88	91.62	96.54	111.62	114.27
14	116.78	107.09	116.80	113.70	108.88	91.62	96.54	111.81	114.27
12	116.78	107.09	116.80	113.70	108.88	91.62	96.54	111.81	114.27
11	116.78	107.09	116.80	113.89	108.88	91.62	96.54	111.81	114.27
10	116.78	107.09	116.80	113.89	108.88	91.62	96.54	111.81	114.27
9	116.78	107.09	116.80	113.89	108.88	91.62	96.54	111.81	114.27
8	116.78	107.09	116.80	113.70	108.88	91.77	96.54	111.81	114.27
7	116.78	107.27	116.80	113.89	108.88	91.77	96.54	111.81	114.27
5	116.78	107.27	116.80	113.89	108.88	91.91	96.69	111.81	114.27
4	116.78	107.27	116.80	113.70	108.88	92.06	96.69	111.81	114.27
3	116.78	107.27	116.80	113.89	108.88	91.77	96.69	111.81	114.27
2	116.78	107.27	116.80	113.89	108.88	91.77	96.54	111.81	114.27
1	116.78	107.27	116.80	113.89	108.88	91.77	96.54	111.81	114.27
Nov 27	116.85	107.27	117.00	113.89	108.88	91.91	96.54	112.00	114.66
20	117.30	107.44	117.00	114.27	108.70	92.50	97.00	112.00	114.66
13	117.36	107.62	117.20	114.27	108.70	92.50	97.16	112.19	114.46
6	117.36	107.62	117.20	114.27	108.70	92.64	97.47	112.00	114.46
Oct 30	117.38	107.44	117.00	114.08	108.70	92.50	97.31	112.00	114.27
23	117.38	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.27
16	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
9	117.38	107.44	117.20	114.08	108.70	92.50	97.31	111.81	114.46
2	117.39	107.27	117.00	113.89	108.52	92.35	97.16	111.81	114.27
Sep 25	117.51	107.27	117.00	113.89	108.70	92.06	97.00	111.62	114.08
18	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
11	117.75	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
4	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
Aug. 28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107 80	92.06	97.31	110.52	113.70
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Dec. 15, 1941	118.09	106.56	117.00	114.08	107.98	90.06	96.07	110.52	114.08
2 Years ago									
Dec. 14, 1940	119.61	106.74	119.00	114.85	106.56	89.64	95.92	110.70	114.66

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corpo- rate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Dec. 15	2.08	3.33	2.81	2.96	3.23	4.30	3.97	3.08	2.94
14	2.09	3.33	2.81	2.97	3.23	4.30	3.97	3.07	2.94
12	2.09	3.33	2.81	2.97	3.23	4.30	3.97	3.07	2.94
11	2.09	3.33	2.81	2.96	3.23	4.30	3.97	3.07	2.94
10	2.09	3.33	2.81	2.96	3.23	4.30	3.97	3.07	2.94
9	2.09	3.33	2.81	2.96	3.23	4.30	3.97	3.07	2.94
8	2.09	3.23	2.81	2.97	3.23	4.29	3.97	3.07	2.94
7	2.09	3.32	2.81	2.96	3.23	4.29	3.97	3.07	2.94
5	2.09	3.32	2.81	2.96	3.23	4.28	3.96	3.07	2.94
4	2.09	3.32	2.81	2.97	3.23	4.27	3.96	3.07	2.94
3	2.09	3.32	2.81	2.96	3.23	4.29	3.96	3.07	2.94
2	2.09	3.32	2.81	2.96	3.23	4.29	3.97	3.07	2.94
1	2.09	3.32	2.81	2.96	3.23	4.29	3.97	3.07	2.94
Nov 27	2.09	3.32	2.80	2.96	3.23	4.28	3.97	3.06	2.92
20	2.06	3.31	2.80	2.94	3.24	4.24	3.94	3.06	2.92
13	2.05	3.30	2.79	2.94	3.24	4.24	3.93	3.05	2.93
6	2.05	3.30	2.79	2.94	3.24	4.23	3.91	3.06	2.93
Oct 30	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.06	2.94
23	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.94
16	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
9	2.05	3.31	2.79	2.95	3.24	4.24	3.92	3.07	2.93
2	2.05	3.32	2.80	2.96	3.25	4.25	3.93	3.07	2.94
Sep 25	2.04	3.32	2.80	2.96	3.24	4.27	3.94	3.08	2.95
18	2.03	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
11	2.03	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
4	2.03	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
Aug 28	2.03	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
21	2.02	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
14	2.02	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
7	2.02	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
July 31	2.01	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
June 26	1.96	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
May 29	1.95	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
Apr. 24	1.99	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar 27	1.96	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb 27	2.11	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	2.05	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
High 1941	2.13	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	1.84	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago									
Dec. 15, 1941	1.97	3.36	2.80	2.95	3.28	4.41	4.00	3.14	2.95
2 Years ago									
Dec. 14, 1940	1.87	3.35	2.70	2.91	3.36	4.44	4.01	3.13	2.92

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Sept. 17, 1942, page 995.

November Retail Prices Continue Unchanged, According To Fairchild Publications Index

Since July 1, 1942 the Fairchild Publications retail price index has remained unchanged at 113.1. Retail prices, however, continue to remain slightly above last year, showing an increase of 5.2%. This is less than was indicated last month when the index was 6.5% above the same period of 1941. Prices are still 27.2% above the period immediately preceding the outbreak of war in 1939.

The announcement further said:

"The only one of the major groups that showed any movement was women's apparel, showing a decrease of 0.1%. The decrease was caused by declines recorded for furs during the month. In the comparison with Dec. 1, 1941, piece goods and men's apparel increased the most, 8.2% and 8.0%. Infants' wear as usual advanced the least, 4.7%. Over 1939, piece goods continued with the greatest rise, followed by home furnishings, and infants' wear again showed the smallest.

"The retail prices of all the individual items remained at the same level recorded for the month of October, with the exception of two, furs and men's shirts and neckwear. Furs decreased 0.2%, and men's shirts and neckwear advanced 0.1%. All the items also showed increases over 1941, with the exception again of furs by men's hose a decline of 1.5%. The largest advance was indicated by men's hose with 12.5%, the smallest by furniture and infants' underwear with only 2.9%. Very great increases in two items appeared in comparison with May, 1933—cotton wash goods with 109.6% and furs with 101.0%.

"Prices of furs during November as compared with the period immediately preceding the outbreak of hostilities in Europe rose the most, 49.6%, followed by cotton wash goods, sheets and pillowcases. Although furniture only increased 2.9% over 1941 it does show a rise of 37.2% over the 1939 period. Smallest advances over 1939 were recorded by women's shoes, and infants' underwear.

"Retail prices will continue to remain at about the same level that they have been for the past five months, according to A. W. Zelomek, economist, under whose supervision the index is compiled. Price regulations and individual price ceiling adjustments will continue to be reflected in the various indexes resulting in the minor fluctuations, which have been noticeable in the past months."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
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	May 1, 1933	Dec. 1, 1941	Sept. 1, 1942	Oct. 1, 1942	Nov. 1, 1942	Dec. 1, 1942
Composite Index	69.4	107.4	113.1	113.1	113.1	113.1
Piece Goods	65.1	103.7	112.3	112.2	112.2	112.2
Men's Apparel	70.7	97.5	*105.2	105.2	*105.3	105.3
Women's Apparel	71.8	106.9	112.7	112.7	112.6	112.5
Infants' Wear	76.4	103.2	108.0	108.0	108.0	108.0
Home Furnishings						
Piece Goods	70.2	109.5	115.5	115.5	115.5	115.5
Silks	57.4	80.7	84.8	84.7	84.7	84.7
Woolens	69.2	101.2	108.1	108.1	108.0	108.0
Cotton Wash Goods						
Domestics	68.6	129.2	143.9	143.8	143.8	143.8
Sheets	65.0	113.2	126.9	126.8	126.8	126.8
Blankets & Comfortables						
Women's Apparel	72.9	125.3	135.0	135.0	135.0	135.0
Hosiery	59.2	87.8	94.1	94.1	94.1	94.1
Aprons & House Dresses	75.5	127.4	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	102.1	111.2	111.2	111.2	111.2
Furs	66.8	136.4	135.4	135.1	134.6	134.3
Underwear	69.2	97.7	102.7	102.7	102.7	102.7
Shoes						
Men's Apparel	76.5	89.8	92.4	92.4	92.4	92.4
Hosiery	64.9	96.0	108.0	108.0	108.0	108.0
Underwear	69.6	105.5	114.6	114.6	*114.8	114.8
Shirts & Neckwear	74.3	91.8	99.0	99.0	99.0	*99.1
Hats & Caps	69.7	89.4	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	99.7	*105.5	*105.9	105.9	105.9
Shoes						
Infants' Wear	76.3	102.6	109.6	109.6	109.6	109.6
Socks	74.0	107.3	114.5	114.5	114.5	114.5
Underwear	74.3	100.7	103.6	103.6	103.6	103.6
Shoes	80.9	101.5	105.9	105.9	*106.0	106.0
Furniture	69.4	125.5	129.2	129.2	129.2	129.2
Floor Coverings	79.9	140.4	146.8	146.8	146.8	146.8
Radios	50.6	65.6	66.8	66.8	66.8	66.8
Luggage	60.1	89.7	94.7	94.7	94.7	94.7
Electrical Household Appliances	72.5	91.1	93.5	93.5	93.5	93.5
China	81.5	105.6	110.6	110.6	110.6	110.6

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

*Increases due to application of price ceiling adjustments.

Electric Output For Week Ended Dec. 12, 1942 Shows 13.3% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Dec. 12, 1942 was 3,937,524,000 kwh., which compares with 3,475,919,000 kwh. in the corresponding week last year, an increase of 13.3%. The output for the week ended Dec. 5, 1942, was 13.7% in excess of the similar period in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Dec. 12	Dec. 5	Nov. 28	Nov. 21
New England	*0.7	0.4	0.8	10.6
Middle Atlantic	5.3	7.4	5.6	9.8
Central Industrial	8.4	8.5	7.5	14.2
West Central	12.0	12.1	13.9	12.9
Southern States	26.5	28.7	29.0	25.8
Rocky Mountain	8.1	9.7	9.9	11.8
Pacific Coast	29.3	24.0	20.0	27.8
Total United States	13.3	13.7	12.8	16.9

*Decrease from 1941.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Sep 5	3,672,921	3,132,954	+12.4	2,591,957	1,423,977	1,674,588
Sep 12	3,583,408	3,222,346		2,773,177	1,476,442	1,806,259
Sep 19	3,756,922	3,273,375	+14.8	2,769,346	1,490,863	1,792,131
Sep 26	3,720,254	3,273,376	+13.7	2,816,358	1,499,459	1,777,854
Oct 3	3,682,794	3,330,582	+10.6	2,792,067	1,506,219	1,819,276
Oct 10	3,702,299	3,355,440	+10.3	2,817,465	1,507,503	1,806,403
Oct 17	3,717,360	3,313,596	+12.2	2,837,730	1,528,145	1,798,633
Oct 24	3,752,571	3,340,768	+12.3	2,866,827	1,533,028	1,824,160
Oct 31	3,774,891	3,380,488	+11.7	2,882,137	1,525,410	1,815,749
Nov 7	3,761,961	3,368,690	+11.7	2,858,054	1,520,730	1,798,164
Nov 14	3,775,878	3,347,893	+12.8	2,889,937	1,531,584	1,793,584
Nov 21	3,795,361	3,247,938	+16.9	2,839,421	1,475,268	1,818,169
Nov 28	3,766,381	3,339,364	+12.8	2,931,877	1,510,337	1,718,002
Dec 5	3,883,534	3,414,844	+13.7	2,975,704	1,518,922	1,806,225
Dec. 12	3,937,524	3,475,919	+13.3	3,003,543	1,563,384	1,840,863
Dec 19	------	3,495,140		3,052,419	1,554,473	1,860,021
Dec 26	------	3,234,128		2,757,259	1,414,710	1,637,683

Mileage Rationing Called Only Solution To Rubber Situation

Mileage rationing, which starts nation-wide Dec. 1, provides the only practical solution of America's critical rubber situation and at the same time provides a real hope for keeping the nation's 27,000,000 automobiles rolling on their essential mileage, John R. Richards, chief of the OPA gasoline rationing branch, told a delegation of Mid-West Congressmen on Nov. 17. The program, Mr. Richards said, does not deny people the use of their cars, but on the contrary assures them of the greatest possible use of them in view of our critical rubber shortage and consequent necessity to make our present supply serve our war needs to the utmost.

The delegation, including Representatives from Oklahoma and Kansas, conferred with Mr. Richards in behalf of traveling salesmen, whose mileage is restricted under the new mileage rationing regulations. "There seems to be an essential misunderstanding about the purpose of our program," said Mr. Richards. "We want to keep the most essential cars rolling." He added:

"Since the Japanese took our rubber away, very few cars have been getting tires. We are undertaking a program to make more tires available, in order to keep cars essential to the war effort rolling. Naturally it's our job to see that the limited number of tires that will be available go on essential cars.

"One thing we are sure of. While there will be more tires available, there will not be enough for driving as usual. If we limit the driving of any one group, it is done so that farmers can transport produce to market and bring supplies back to their farms, so that farm workers can drive from one job to another; so that industrial workers can get to war plants.

"Only through the controls of mileage rationing can we be sure that these, and other essential workers get the mileage they need."

The delegation calling upon Mr. Richards included Representatives Jed Johnson, Disney, Monroney, Will Rogers, Boren and Wickersham, all of Oklahoma, and Rees, Hope, and Carlson, of Kansas.

H. Stabler Dies

Herman Stabler, Chief of the Conservation branch of the United States Geological Survey since 1922, died on Nov. 24 in Washington, at the age of 63.

A discoverer in the field of water analysis and disposal of commercial waste, and author of many treatises in his specialty, Mr. Stabler had been connected with the Geological Survey from 1903 until his death, except for an interval from 1908 to 1910 when he served with the U. S. Reclamation Service, now the Bureau of Reclamation. Last summer, Mr. Stabler assisted the subcommittee of the Senate Public Lands Committee in inquiring into the problem of increased oil and gas production, especially on public lands in the West.

Moody's Daily Commodity Index

Tuesday, Dec. 8	232.5
Wednesday, Dec. 9	233.1
Thursday, Dec. 10	233.8
Friday, Dec. 11	234.3
Saturday, Dec. 12	234.5
Monday, Dec. 14	236.0
Tuesday, Dec. 15	236.5
Two weeks ago, Dec. 1	230.8
Month ago, Nov. 14	232.1
Year ago, Dec. 15	217.9
1941 High, Sept. 9	219.9
Low Feb. 17	171.6
1942 High, Dec. 15	236.5
Low, Jan. 2	220.0

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on Dec. 7 that as of the close of business Nov. 30, there were 1,142 bond issues aggregating $67,155,675,692 par value listed on the Stock Exchange with a total market value of $64,543,971,299. This compares with 1,144 bond issues, aggregating $67,206,997,992 par value, with a total market value of $64,843,877,284 on Oct. 31, 1942.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	Nov. 30, 1942 Market Value $	Nov. 30, 1942 Average Price $	Oct. 31, 1942 Market Value $	Oct. 31, 1942 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	49,153,422,386	104.56	49,257,034,419	104.78
U. S. companies:				
Amusements	41,712,919	100.89	41,592,419	100.60
Automobile	13,187,800	101.34	13,550,513	104.13
Building	17,814,663	98.93	17,369,386	96.46
Business and office equipment	15,300,000	102.00	15,225,000	101.50
Chemical	76,856,160	101.41	76,701,315	101.21
Electrical equipment	36,193,750	103.41	36,300,000	103.71
Financial	56,921,170	101.08	58,002,875	100.88
Food	234,390,921	103.74	233,955,167	103.54
Land and realty	9,611,703	71.53	9,843,303	71.67
Machinery and metals	43,303,020	100.09	43,894,956	100.11
Mining (excluding iron)	91,016,444	58.38	92,110,614	59.08
Paper and publishing	49,441,622	100.45	49,296,110	100.33
Petroleum	591,660,774	103.14	591,620,579	103.14
Railroad	6,457,697,685	62.89	6,660,019,748	64.85
Retail merchandising	11,898,730	80.57	11,668,794	79.01
Rubber	74,170,891	100.94	73,645,345	100.23
Ship building and operating	11,472,000	100.00	11,443,320	99.75
Shipping services	18,329,288	66.41	18,272,538	66.20
Steel, iron and coke	511,564,213	100.20	545,742,574	100.13
Textiles	36,473,413	100.34	36,281,550	99.81
Tobacco	146,450,397	105.01	146,144,172	104.79
Utilities:				
Gas and electric (operating)	3,317,793,361	106.94	3,337,082,089	107.16
Gas and electric (holding)	96,151,844	97.79	96,568,938	98.21
Communications	1,199,303,360	106.89	1,203,249,070	107.24
Miscellaneous utilities	86,524,861	59.00	87,454,132	59.64
U. S. companies oper. abroad	113,182,926	62.39	111,085,526	61.12
Miscellaneous businesses	31,027,365	104.46	30,921,115	104.10
Total U. S. companies	13,389,451,280	78.40	13,649,041,148	79.68
Foreign government	1,286,167,100	58.38	1,227,297,976	55.69
Foreign companies	714,930,533	82.74	710,503,741	82.22
All listed bonds	64,543,971,299	96.11	64,843,877,284	96.48

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1940—	Market Value $	Average Price $	1941—	Market Value $	Average Price $
Oct. 31	50,438,409,964	92.84	Nov. 29	54,812,793,945	94.80
Nov. 30	50,755,887,399	93.58	Dec. 31	55,033,616,312	94.50
Dec. 31	50,831,283,315	93.84	1942—		
1941—			Jan. 31	56,261,398,371	95.24
Jan. 31	50,374,446,095	93.05	Feb. 28	57,584,410,504	95.13
Feb. 28	50,277,456,796	92.72	Mar. 31	58,140,382,211	95.97
Mar. 31	52,252,053,607	93.73	Apr. 30	57,923,553,616	95.63
Apr. 30	52,518,036,554	94.32	May 29	59,257,509,674	95.64
May 30	52,321,710,056	94.22	June 30	59,112,072,945	95.50
June 30	53,237,234,699	94.80	July 31	61,277,620,583	95.76
July 31	53,259,696,637	95.04	Aug. 31	62,720,371,752	96.08
Aug. 30	53,216,867,646	94.86	Sept. 30	62,765,776,218	96.18
Sept. 30	53,418,055,935	94.74	Oct. 31	64,843,877,284	96.48
Oct. 31	55,106,635,894	95.25	Nov. 30	64,543,971,299	96.11

Cotton Ginned From Crop Of '42 Prior To Dec. 1

The Census report issued on Dec. 8, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1942 prior to Dec. 1, 1942, and comparative statistics to the corresponding date in 1941 and 1940 (running bales, counting round as half bales and excluding linters):

State—	1942	1941	1940
United States	*11,539,420	*9,592,229	*10,866,474
Alabama	885,949	769,332	710,715
Arizona	80,071	107,787	102,872
Arkansas	1,350,977	1,351,186	1,228,111
California	198,587	242,207	466,594
Florida	14,445	14,663	17,822
Georgia	840,607	626,747	956,859
Illinois	3,749	5,362	2,759
Kentucky	14,271	16,678	8,639
Louisiana	570,892	309,017	440,498
Mississippi	1,866,422	1,379,118	1,077,132
Missouri	380,952	459,155	295,211
New Mexico	79,224	63,613	90,647
North Carolina	674,999	556,520	692,855
Oklahoma	625,625	561,367	615,378
South Carolina	681,471	398,198	912,487
Tennessee	574,177	565,451	380,776
Texas	2,673,499	2,143,224	2,847,999
Virginia	23,503	22,604	19,120

*Includes 48,626 bales of the crop of 1942 ginned prior to Aug. 1 which was counted in the supply for the season of 1941-42, compared with 1,969 and 32,187 bales of the crops of 1941 and 1940.

The statistics in this report include no round bales for 1942; 846 for 1941 and 3,404 for 1940. Included in the above are 39,368 bales of American-Egyptian for 1942; 35,823 for 1941 and 20,800 for 1940; also 666 bales Sea-Island for 1942; 3,087 for 1941 and 4,382 for 1940.

The statistics for 1942 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to Nov. 14 is 10,683,684 bales.

Consumption, Stocks, Imports, and Exports—United States

Cotton consumed during the month of October, 1942, amounted to 972,490 bales. Cotton on hand in consuming establishments on Oct. 31, was 2,117,902 bales, and in public storages and at compresses 12,674,414 bales. The number of active consuming cotton spindles for the month was 23,012,046.

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

National Fertilizer Association Commodity Price Index At New Peak

The weekly wholesale commodity price index compiled by the National Fertilizer Association and made public on Dec. 14 rose last week to a new high level. This index in the week ended Dec. 12, 1942 stood at 131.0% of the 1935-1939 average as 100, as compared with 130.6 in the preceding week. The index was 130.4 a month ago and 119.1 a year ago. The Association's report continued as follows:

The farm product price index rose to a new war-time peak. Cotton and grains were again higher during the week and livestock prices moved upward. Because of steady advances in the past three weeks, grain prices are now 6.4% higher than a month ago. The food price average was again slightly higher, rising for the eighth consecutive week. An advance in the price of linseed oil was responsible for a fractional upturn in the building materials average. Other advances were registered by the indexes representing the prices of miscellaneous commodities and textiles.

During the week 17 commodities advanced, while none declined; in the preceding week there were 17 advances and four declines; in the second preceding week there were 13 advancs and two declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Dec. 12, 1942	Preceding Week Dec. 5, 1942	Month Ago Nov. 7, 1942	Year Ago Dec. 13, 1941
25.3	Foods	134.3	134.2	133.0	116.6
	Fats and Oils	148.8	148.8	146.9	129.0
	Cottonseed Oil	164.7	164.7	158.4	156.0
23.0	Farm Products	143.6	142.1	143.5	124.4
	Cotton	186.3	184.8	185.1	163.1
	Grains	123.2	120.7	115.8	117.0
	Livestock	141.3	139.9	143.6	118.4
17.3	Fuels	119.3	119.3	119.3	111.9
10.8	Miscellaneous commodities	129.1	128.6	127.4	126.9
8.2	Textiles	148.9	148.7	148.7	140.8
7.1	Metals	104.4	104.4	104.4	104.0
6.1	Building materials	151.4	151.3	151.4	131.2
1.3	Chemicals and drugs	127.6	127.6	120.7	112.9
.3	Fertilizer materials	117.5	117.5	117.4	114.9
.3	Fertilizers	115.3	115.3	115.3	109.8
.3	Farm machinery	104.1	104.1	104.1	100.7
100.0	All groups combined	131.0	130.6	130.4	119.1

*Indexes on 1926-28 base were: December 12, 1942, 102.0; Dec. 5, 101.7; Dec. 13, 1941, 92.8

November Shipments By Subsidiaries Of U. S. Steel Corp.

In the table below we list the figures by months for various periods since January, 1929:

	1942	1941	1940	1939	1938	1929
January	1,738,893	1,682,454	1,145,592	870,866	570,264	1,364,801
February	1,616,587	1,548,451	1,009,256	747,427	522,395	1,388,407
March	1,780,938	1,720,366	931,905	845,108	627,047	1,605,510
April	1,758,894	1,687,674	907,904	771,752	550,551	1,617,302
May	1,834,127	1,745,295	1,084,057	795,689	509,811	1,701,874
June	1,774,068	1,668,637	1,209,684	607,562	524,994	1,529,241
July	1,765,749	1,666,667	1,296,887	745,364	484,611	1,480,008
August	1,788,650	1,753,665	1,455,604	885,636	615,521	1,500,281
September	1,703,570	1,664,227	1,392,838	1,086,683	635,645	1,262,874
October	1,787,501	1,851,279	1,572,408	1,345,855	730,312	1,333,385
November	1,665,545	1,624,186	1,425,352	1,406,205	749,328	1,110,050
December	------	1,846,036	1,544,623	1,443,969	765,868	931,744
Total by mos.	------	20,458,937	14,976,110	11,752,116	7,286,347	16,825,477
Yearly adjust.	------	*42,000	37,639	*44,865	29,159	*12,827
Total	------	20,417,000	15,013,749	11,707,251	7,315,506	16,812,650

*Decrease.

Note—The monthly shipments as currently reported during the year 1942, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

October Hotel Sales Higher

In its December bulletin, Horwath & Horwath, New York public accountants, report that the increase in total business over last year was the same in October as in September, 22%, but the average gain for the year to date, at 14%, is 2 points higher. The total average occupancy again sets a new high, being up 2 points over that in September which was then pointed out as the highest recorded in the 16 years that the figures have been compiled.

The firm supplies the following statistical data:

OCTOBER, 1942, COMPARED WITH OCTOBER, 1941

	Sales, Increase or Decrease *Total	Rooms	Total Restaurant	Food	Beverages	Occupancy Oct., 1942	Occupancy Oct., 1941	†Room Rate Increase or Decr.
New York City	+10%	+ 7%	+14%	+11%	+18%	82%	76%	— 1%
Chicago	+24	+19	+30	+27	+37	85	75	+ 5
Philadelphia	+23	+27	+18	+21	+13	82	67	+ 3
Washington	+34	+24	+40	+35	+50	94	86	+12
Cleveland	+26	+13	+37	+29	+58	80	74	+ 5
Detroit	+23	+23	+23	+19	+31	90	75	+ 2
Pacific Coast	+48	+50	+45	+35	+65	85	61	+ 8
Texas	+23	+21	+27	+30	+12	81	73	+ 9
All others	+19	+15	+22	+18	+31	77	70	+ 4
Total	+22%	+19%	+25%	+21%	+33%	80%	71%	+ 5%
Year to date	+14%	+11%	+16%	+12%	+24%	73%	68%	+ 4%

†The term "rates" wherever used refers to the average sales per occupied room and not to scheduled rates. *Rooms and restaurant only.

Agricultural Department General Crop Report As Of December 1

The Crop Reporting Board of the United States Department of Agriculture made public on Dec. 10 its forecasts and estimates of the grain crop of the United States as of Dec. 1, based on reports and data furnished by crop correspondents, field statisticians and cooperating State Boards (or Departments) of Agriculture. We give below the report in part:

The harvesting of late crops progressed rapidly until the Winter weather and heavy snows of late November and early December checked harvesting operations over a wide area. With perhaps 15% of the corn crop still in the fields, husking has been stopped or retarded. Prospects for salvaging the soybeans still in the fields are rather uncertain in the Eastern Corn Belt, where wet weather interfered with field work during November. Some buckwheat was lost in the Northeast. Harvesting of apples, potatoes, sugar beets and other late crops in the Northern States was nearly completed during November and losses were probably no more than average, because prices have encouraged close utilization wherever sufficient labor could be secured.

Recent rains and snows interfered with late seedings of wheat in the Pacific Northwest. An unusually large area of the Western ranges is now snow covered, but prospects for Winter wheat, and for ranges in 1943, have been improved. The only area now seriously dry appears to be the far Southwest, including most of New Mexico and Arizona, and southern portions of Utah, Nevada and California.

Although favorable growing weather through most of the season, and strenuous efforts to complete the harvest have reduced national crop losses to less than average, the lack of labor reserves has shown up plainly where the normal harvesting schedule was upset by wet weather. The necessity for conserving labor is also beginning to appear in various shortcuts and adjustments that tend to reduce production. Thus cotton is not being picked or "scrapped" quite as closely as usual. Some hay, chiefly that damaged by rains, was left in the fields. Some sugar cane is going to the mills without being stripped. A little low quality fruit was left on the trees. There is evidence of an increasing tendency to turn cattle and hogs into fields of corn, sorghums or peanuts to gather their own feed. Some farmers have delayed weaning the calves or stopped stripping the strippers. Some dairy herds, dependent on hired labor, have been dispersed, particularly in areas close to munition plants, where wages have necessarily been high enough to pull men from other occupations. Recently slaughter records have shown unusually large numbers of cows and ewes going to slaughter. So far, marketings for slaughter appear to represent close culling and a slowing up in rates of increase rather than liquidation of serviceable breeding stock, except, possibly, in Texas and the Intermountain region of the West. In portions of the Intermountain area the season has been dry, range feed is only fair, hay supplies are none too plentiful, and up sharply in price.

Milk production in the United States during November was only nominally higher than in the same month last year, although there were more cows in the herds. The cows are being well fed, and production continued at a high level, but the increase over the corresponding month of the previous year was the smallest reported in more than two years.

Egg production has continued to climb to unprecedented levels for the season. November production was 17% higher than in that month last year, and, with 12% more hens in laying flocks, egg production probably will continue heavy.

Elected Directors Of Boston Reserve Bank

Leon A. Dodge, President of the First National Bank of Damariscotta, Me., and Edward J. Frost, President and Director of William Filene's Sons Co., have been reelected Class A and Class B Directors, respectively, of the Federal Reserve Bank of Boston. Each was chosen for a three-year term, beginning Jan. 1. They were elected by member banks in Group 3, which is composed of banks with a combined capital and surplus of $300,000 or less.

Daily Average Crude Oil Production For Week Ended Dec. 5, 1942 Dropped 43,750 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Dec. 5, 1942 was 3,834,250 barrels, a decline of 43,750 barrels from the preceding week, and 273,700 barrels per day less than during the corresponding period last year. The current figure was also 181,650 barrels below the daily average figure for the month of December, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Dec. 5, 1942 averaged 3,876,100 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.9% of the 4,800,000 barrels estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,760,000 barrels of crude oil daily during the week ended Dec. 5, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipelines as of the end of that week, 75,934,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,165,000 barrels during the week ended Dec. 5, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations December	*State Allowables Beginning Dec. 1	—Actual Production— Week Ended Dec. 5 1942	Change From Previous Week	4 Weeks Ended Dec. 5 1942	Week Ended Dec. 6 1941
Oklahoma	403,900	403,900	†363,950	— 1,750	363,000	416,550
Kansas	300,700	300,700	†285,950	—13,150	300,650	240,700
Nebraska	3,400	------	†3,000	+ 50	3,100	5,850
Panhandle Texas			92,200	+ 2,400	90,400	99,150
North Texas			135,550	— 2,050	137,100	139,050
West Texas			2,208,900	— 3,850	211,500	289,300
East Central Texas			99,600	+ 3,800	96,500	86,650
East Texas			357,500	+ 2,700	355,500	369,300
Southwest Texas			174,200	— 2,350	173,900	216,650
Coastal Texas			312,900	— 500	312,900	292,050
Total Louisiana	1,350,400	‡1,470,653	1,380,850	+ 150	1,377,800	1,492,150
North Louisiana			92,750	— 3,800	95,550	81,500
Coastal Louisiana			223,700	— 5,000	227,200	278,250
Total Louisiana	326,100	337,600	316,450	— 8,800	322,750	359,750
Arkansas	77,300	73,461	74,000	+ 400	73,900	73,950
Mississippi	50,000		†62,500	+ 1,550	63,750	74,700
Illinois	274,100		246,900	— 8,750	251,650	398,600
Indiana	17,700		†16,100	— 100	16,100	20,100
Eastern (Not incl. Ill. & Ind.	107,600		88,950	— 1,400	91,550	93,300
Michigan	63,800		59,100	+ 700	61,000	53,150
Wyoming	94,500		91,950	+ 1,250	91,500	85,550
Montana	24,700		22,600	+ 50	22,400	21,450
Colorado	7,000		6,750	— 250	6,550	5,450
New Mexico	99,700	99,700	95,800	----	96,850	117,800
Total East of Calif	3,200,900		3,114,850	—30,050	3,142,550	3,459,050
California	815,000	§815,000	719,400	—13,700	733,550	648,900
Total United States	4,015,900		3,834,250	—43,750	3,876,100	4,107,950

*O.P.C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in September, 1942, as follows: Oklahoma, 30,200; Kansas, 5,100; Texas, 104,900; Louisiana, 20,500; Arkansas, 3,000; Illinois, 9,400; Eastern (not including Illinois and Indiana), 9,000; Michigan, 100; Wyoming, 2,400; Montana, 300; New Mexico, 6,000; California, 42,400.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Dec. 2.

‡This is the net basic allowable as of Dec. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 16 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down, as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED DEC. 5, 1942

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,706	69.9	5,051	36,175	26,314	15,850
Appalachian	176	84.8	155	88.1	478	2,460	680	377
Ind., Ill., Ky.	804	84.9	736	91.5	2,492	12,840	6,411	2,247
Okla., Kansas, Mo.	416	80.1	366	88.0	1,204	5,819	2,045	1,353
Rocky Mountain	147	48.0	89	60.5	331	1,421	402	555
California	817	89.9	708	86.7	1,609	17,219	12,811	54,837
Tot. U. S. B. of M. basis, Dec. 5, 1942	4,800	85.9	3,760	78.3	11,165	†75,934	48,663	75,219
Tot. U. S. B. of M. basis, Nov. 28, 1942	4,800	85.9	3,736	77.8	11,269	78,854	49,739	77,796
U. S. Bur. of Mines basis, Dec. 6, 1941			3,963		13,913	87,840	54,850	94,128

*At the request of the Office of Petroleum Coordinator. †Finished 67,197,000 bbls.; unfinished 8,737,000 bbls. ‡At refineries, at bulk terminals, in transit, and in pipe lines.

Engineering Construction For Week Up 44% Compared With Year Ago

Engineering construction volume for the week, $85,268,000, is 44% higher than the total for the corresponding week last year, but declines 17% from last week as reported by "Engineering News-Record" on Dec. 10. Public construction tops the 1941 week by 154% as a result of the 337% climb in Federal work, but private volume is 89% below a year ago. Both public and private construction are below a week ago, declining 17 and 16%, in that order. Federal work is 17% lower than in the preceding week. The report also said:

The current week's volume brings 1942 construction to $9,120,618,000, an increase of 58½% over the $5,751,563,000 reported for the 50-week period last year. Private work, $549,240,000, is 53% under the period in 1941, but public construction, $8,571,378,000, is up 87% due to the 136% gain in Federal volume.

Construction totals for the 1941 week, last week, and the current week are:

	Dec. 11, 1941	Dec. 3, 1942	Dec. 10, 1942
Total Construction	$59,065,000	$103,143,000	$85,268,000
Private Construction	26,706,000	3,638,000	3,058,000
Public Construction	32,359,000	99,505,000	82,210,000
State and Municipal	14,119,000	3,853,000	2,387,000
Federal	18,240,000	95,652,000	79,823,000

In the classified construction groups, gains over last week are in waterworks, bridges, industrial buildings, earthwork and drainage, and unclassified construction. Increases over the 1941 week are in waterworks, public buildings, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $3,722,000; sewerage, $712,000; bridges, $151,000; industrial buildings, $1,045,000; commercial building and large-scale private housing, $1,860,000; public buildings, $29,931,000; earthwork and drainage, $726,000; streets and roads, $3,521,000; and unclassified construction, $43,600,000.

New capital for construction purposes for the week totals $4,334,000. This compares with $23,062,000 reported for the corresponding 1941 week. The current week's new financing is made up of $3,350,000 in corporate security issues, and $984,000 in State and municipal bond sales.

New construction financing for the year to date, $10,211,597,000, is 62% greater than the $6,319,656,000 for the 50-week period a year ago.

Non-Ferrous Metals—Freight Tax Price Adjustments Made In N. Y. Basis For Zinc

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Dec. 10, stated: "Sellers of the ordinary grades of zinc for delivery in New York and other centers will be permitted to add the 3% transportation tax to other freight charges, plus the East St. Louis quotation of 8.25¢ for Prime Western. Clarification of this question was contained in an interpretation of a recent official ruling on the tax by H. S. Reuss, assistant general counsel for OPA. The New York equivalent of the Laredo, Tex., base price for antimony sold in bulk has been adjusted upward to meet the extra freight tax charges. Consumers purchasing antimony ex-warehouse New York will have to pay the extra charge as soon as present stocks brought in under the old schedule have been exhausted. Outstanding developments in copper and lead were lacking last week." The publication further went on to say in part:

Copper

To avoid unnecessary delay in moving copper from refineries to brass mills engaged in essential war work, the Metals Reserve in the future will store some of its metal at the plants. In the past, copper has not always been stockpiled at convenient shipping centers for quick delivery to fabricators. More efficient control over the movement of the vast tonnages of copper needed for the war is gradually coming into the picture, the industry believes. The price situation in both domestic and foreign copper was unchanged last week.

Lead

Inquiry for lead was good last week, and producers believe that sales for January delivery will increase appreciably in the next week. December needs of consumers are about 70% covered, according to industry estimates, with January holding at not much more than 15%. Sales of common lead during the last week exceeded the week previous. Quotations continued at 6.50¢, New York, and 6.35¢, St. Louis.

Zinc

Counsel for OPA holds that sellers of Prime Western zinc for delivery in the New York area may charge the base price of 8.25¢, East St. Louis, plus the freight charge of 41¢ per hundred pounds, plus the 3% tax of total transportation charge. This brings the New York price to 8.672¢ per pound. High Grade, which is sold on a delivered basis, is not disturbed pricewise by the tax on transportation imposed as of Dec. 1.

The order regulating prices on rolled zinc has been amended to include special shapes and new products. One of the products now covered in the regulations is a zinc alloy developed to take the place of copper in engravers' and lithographers' plates.

Antimony

Sellers of antimony ex-warehouse New York, packed in cases, covering less than carload lots down to a minimum of 5 tons, quote the market on the domestic product at 15¢ a pound plus $2.27 per case for freight. A case weighs 24 pounds. As this is not a true "delivered" price, the 3% tax on freight rates now in effect will be added to the full price paid by consumers as soon as supplies in store here and carrying the old freight charge become exhausted. Though virtually no bulk business in antimony is placed on an f.o.b. New York basis, the nominal quotation published for the New York bulk equivalent of the Laredo base price naturally takes into account any freight adjustments announced by the railroads or other transportation lines, as well as higher costs resulting from taxes. Consequently, the New York equivalent for domestic antimony in bulk, carload lots, has been revised to 15.509¢ a pound, retroactive to Dec. 1, 1942. The previous quotation for antimony in bulk, New York, was 15.480¢.

Aluminum

The price schedule of the Aluminum Company of America now includes a quotation for pig aluminum in addition to the standard quotation for the metal in ingot form. The weight of a pig of 99% aluminum varies between 50 and 55 pounds, and the metal is listed at 14¢ a pound. Ingot aluminum, 99% plus, continues at 15¢ a pound.

Tin

A fair amount of tin recovered from used collapsible tubes is being consumed in the production of solder.

Developments in Africa point to increased shipments of tin and tin concentrate to this country from that area. Fear of a possible delay in the movement of tin from Africa has virtually disappeared.

The price situation in tin remained unchanged last week. Straits quality tin for shipment was nominally as follows:

	Dec.	Jan.	Feb.
Dec. 3	52.000	52.000	52.000
Dec. 4	52.000	52.000	52.000
Dec. 5	52.000	52.000	52.000
Dec. 7	52.000	52.000	52.000
Dec. 8	52.000	52.000	52.000
Dec. 9	52.000	52.000	52.000

Chinese tin, 99% grade, spot or nearby delivery, 51.125¢ all week.

Quicksilver

Uncertainty about the labor situation at mines on the Pacific Coast tends to hold back offerings of quicksilver for future delivery, according to some observers. Normally, producers would be anxious to entertain bids on forward business at concessions so far as round-lot transactions are concerned.

The quotations for quicksilver in New York continued at $196 @ $198 per flask.

Silver

The Senate Banking and Currency Committee has approved a bill permitting the Treasury to dispose of silver not pledged as currency backing "in furtherance of the war effort." Upon recommendation of WPB, the bill provides, the Treasury may sell such silver at not less than 50¢ an ounce. To become law, the measure will have to pass both houses before the end of the present session on Jan. 2. The Green Bill, in its present form, appears to suit no one, according to comment in the trade.

The silver market in London was unchanged last week at 23½d. The New York Official remained at 44¾¢, and the Treasury's price held at 35¢.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

Tax Delinquents May Make Weekly Payments

Assistant Secretary of the Treasury John L. Sullivan said on Nov. 19 that individuals who are unable to meet their income tax payments next year may be able to negotiate with Internal Revenue Collectors and work out an arrangement to pay weekly or on each payday until back taxes have been cleared up.

Mr. Sullivan has been placed in charge of the problem of handling defaulted and delinquent taxes by Secretary of the Treasury Morgenthau. In accordance with existing law, the taxpayer who works out such an arrangement would have to pay an additional 6%, on an annual basis, for the unpaid balance which is in arrears.

A Washington dispatch of Nov. 19 to the New York "Times" reported:

Asked what steps the Treasury was taking to meet the possibility that many would be unable to pay, Mr. Sullivan said he believed that the problem had been exaggerated. Although the number of income taxpayers had jumped from 7,800,000 in 1940 to 15,000,000 in 1941 and 27,000,000 in 1942, he said, fears that many of the new taxpayers brought in would be unable to pay had not been substantiated.

Mr. Sullivan pointed out that although in the first 21 years of income-tax collection the government received $82,000,000,000, the amount it had been unable to collect averaged only $11,600,000 a year. The total tax abated during the 21 years was only $242,000,000. Of this $231,000,000 was owed by individuals having a tax liability of $100 or more. Only $11,000,000 was defaulted by those whose tax liability was less than $100.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Dec. 11, figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Nov. 28, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Nov. 28 (in round-lot transactions) totaled 791,985 shares, which amount was 13,88% of total transactions on the Exchange of 2,851,830 shares. This compares with member trading during the previous week ended Nov. 21 of 1,048,380 shares, or 15.42% of total trading of 3,399,250 shares. On the New York Curb Exchange, member trading during the week ended Nov. 28 amounted to 150,120 shares, or 14.73% of the total volume of that Exchange of 509,405 shares; during the preceding week trading for the account of Curb members of 166,540 shares was 14.26% of total trading of 584,090 shares.

The Commission made available the following data for the week ended Nov. 28:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	957	660
1. Reports showing transactions as specialists	165	93
2. Reports showing other transactions initiated on the floor	144	30
3. Reports showing other transactions initiated off the floor	166	78
4. Reports showing no transactions	563	530

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED NOV. 28, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	52,890	
‡Other sales	2,798,940	
Total sales	2,851,830	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	200,530	
Short sales	35,090	
‡Other sales	166,680	
Total sales	201,770	7.05
2. Other transactions initiated on the floor—		
Total purchases	118,170	
Short sales	5,300	
‡Other sales	105,500	
Total sales	110,800	4.01
3. Other transactions initiated off the floor—		
Total purchases	70,255	
Short sales	3,040	
‡Other sales	87,420	
Total sales	90,460	2.82
4. Total—		
Total purchases	388,955	
Short sales	43,430	
‡Other sales	359,600	
Total sales	403,030	13.88

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED NOV. 28, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	5,990	
‡Other sales	503,415	
Total sales	509,405	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	38,500	
Short sales	5,580	
‡Other sales	48,100	
Total sales	53,680	9.05
2. Other transactions initiated on the floor—		
Total purchases	4,450	
Short sales	0	
‡Other sales	5,350	
Total sales	5,350	0.96
3. Other transactions initiated off the floor—		
Total purchases	28,445	
Short sales	400	
‡Other sales	19,295	
Total sales	19.695	4.72
4. Total—		
Total purchases	71,395	
Short sales	5,980	
‡Other sales	72,745	
Total sales	78,725	14.73
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	32,794	
Total purchases	32,794	
Total sales	17,485	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Dec. 5 is estimated at 11,200,000 net tons, which compares with 10,745,000 tons in the holiday week preceding and with 11,550,000 tons in the full-time week ended Nov. 21. Production in the week ended Dec. 6, 1941 amounted to 11,364,000 net tons. The output of soft coal to date shows an increase of 13.4% over the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Dec. 5 was estimated at 1,101,000 tons, a decrease of 55,000 tons (4.8%) from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 297,000 tons, or 36.9%. The calendar year to date shows a gain of 6.3%.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Dec. 5 showed a decrease of 2,600 tons, compared with the output for the week ended Nov. 28. The quantity of coke from beehive ovens increased 10,800 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
In Net Tons (000 omitted)

	Week Ended			January 1 to Date		
Bituminous and lignite coal—	Dec. 5, 1942	Nov. 28, 1942	Dec. 6, 1941	*Dec. 5, 1942	Dec. 6, 1941	Dec. 4, 1937
Total, incl. mine fuel	11,200	10,745	11,364	537,393	473,960	413,465
Daily average	1,867	2,149	1,894	1,890	1,672	1,456

*Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	§Dec. 5, 1942	Nov. 28, 1942	Dec. 6, 1941	Dec. 5, 1942	Dec. 6, 1941	Dec. 7, 1929
*Total, incl. colliery fuel	1,101,000	1,156,000	804,000	56,228,000	52,901,000	68,300,000
†Commercial production	1,057,000	1,110,000	764,000	53,520,000	50,256,000	63,382,000
Beehive coke—						
United States total	154,100	143,300	157,100	7,379,700	6,175,300	6,102,100
By-product coke—						
United States total	1,204,500	1,207,100	‡	57,574,700	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Nov. avge.
State—	Nov. 28, 1942	Nov. 21, 1942	Nov. 29, 1941	Nov. 30, 1940	Nov. 27, 1937	¶1923
Alaska	6	5	4	4	2	**
Alabama	346	376	360	318	210	409
Arkansas and Oklahoma	82	93	88	92	91	100
Colorado	151	172	197	199	177	236
Georgia and North Carolina	1	1	1	1	1	**
Illinois	1,192	1,372	1,280	1,205	1,120	1,571
Indiana	477	528	599	438	362	536
Iowa	56	62	79	80	96	128
Kansas and Missouri	161	168	170	155	149	175
Kentucky—Eastern	919	960	917	769	568	724
Kentucky—Western	253	296	262	185	178	218
Maryland	29	31	43	33	30	35
Michigan	7	7	10	5	12	26
Montana (bituminous and lignite)	105	110	90	81	80	83
New Mexico	33	36	30	25	29	62
North and South Dakota (lignite)	90	92	84	86	73	**35
Ohio	625	701	716	465	433	764
Pennsylvania (bituminous)	2,432	2,565	2,594	2,475	1,525	2,993
Tennessee	130	140	139	112	102	117
Texas (bituminous and lignite)	9	7	7	9	17	29
Utah	119	110	113	108	69	112
Virginia	392	397	415	300	227	217
Washington	44	51	42	43	40	72
*West Virginia—Southern	2,117	2,180	2,303	1,863	1,377	1,271
†West Virginia—Northern	780	888	907	655	418	776
Wyoming	188	200	182	170	134	184
‡Other Western States	†	2	†	†	†	**5
Total bituminous and lignite	10,745	11,550	11,632	9,876	7,520	10,878
§Pennsylvania anthracite	1,156	1,158	838	918	957	1,896
Total all coal	11,901	12,708	12,470	10,794	8,477	12,774

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, Idaho, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Bank Debits For Month Of November

As announced on March 30, the Board of Governors of the Federal Reserve System has discontinued the issuance of its weekly "bank debits" press statement and beginning with the month of May has collected figures on a monthly basis from member and nonmember banks in the centers previously included in the weekly bank debits statement. The last weekly report was published on page 1876 of the May 4, 1942, issue of the "Chronicle."

We present below the figures for the month of November:

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

			3 Months Ended	
Federal Reserve District—	Nov. 1942	Nov. 1941	Nov. 1942	Nov. 1941
Boston	2,900	2,714	8,762	7,808
New York	18,784	17,669	59,313	55,689
Philadelphia	2,500	2,305	7,662	7,324
Cleveland	3,708	3,285	11,667	10,198
Richmond	2,163	1,842	6,898	5,756
Atlanta	1,793	1,497	5,520	4,635
Chicago	7,912	6,891	24,986	21,051
St. Louis	1,732	1,523	5,467	4,751
Minneapolis	1,030	892	3,192	2,810
Kansas City	1,860	1,422	5,739	4,459
Dallas	1,489	1,229	4,531	3,738
San Francisco	4,801	3,809	14,705	11,592
†Total, 274 centers	50,673	45,076	158,441	139,810
*New York City	17,016	16,077	53,932	50,878
*140 other centers	29,040	25,087	90,198	76,739
†133 other centers	4,616	3,912	14,311	12,193

*Included in the national series covering 141 centers, available beginning in 1919.

†Excluding centers for which figures were not collected by the Board before May, 1942.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Dec. 11 a summary for the week ended Dec. 5, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Dec. 5, 1942

	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	12,629
Number of Shares	354,458
Dollar Value	12,627,002
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	103
*Customers' other sales	15,996
Customers' total sales	16,099
Number of Shares:	
Customers' short sales	2,381
*Customers' other sales	421,697
Customers' total sales	424,078
Dollar Value	11,065,101
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	160
†Other sales	149,780
Total sales	149,940
Round-lot Purchases by Dealers—	
Number of Shares	89,730

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended Dec. 5, 1942

According to the National Lumber Manufacturers Association, lumber shipments of 431 mills reporting to the National Lumber Trade Barometer exceeded production by 15.3% for the week ended Dec. 5, 1942. In the same week new orders of these mills were 17.4% greater than production. Unfilled order files in the reporting mills amounted to 76% of stocks. For reporting softwood mills, unfilled orders are equivalent to 40 days' production at the current rate, and gross stocks are equivalent to 49 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 12%; orders by 18%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 24% greater; shipments were 55% greater, and orders were 37% greater.

RFC Loans at $4 Billion For Metal & Min. Purchases

The Reconstruction Finance Corporation and its subsidiaries have authorized loans and commitments of $3,990,038,900 as of Oct. 26 in the domestic production and acquisition of strategic minerals and metals.

A breakdown of the program between the RFC and two of its subsidiaries—Metals Reserve Co. and Defense Plant Corp.—shows:

Metals Reserve Co.	$1,787,693,300
Defense Plant Corp.	2,003,440,800
RFC loans (under section 5D of RFC Act as amended)	190,700,000
Mining loan	8,204,100
Total	$3,990,038,900

In addition, Metals Reserve Co. is committed to purchase 32 different metals and minerals in 36 foreign countries and Defense Plant Corp. has set aside $6,190,805,104 for war plants and activities other than metal and mineral purchases.

Revenue Freight Car Loadings During Week Ended Dec. 5, 1942, Totaled 759,621 Cars

Loading of revenue freight for the week ended Dec. 5, 1942 totaled 759,621 cars, the Association of American Railroads announced on Dec. 10. This was a decrease below the corresponding week of 1941, of 73,754 cars or 8.9%, but an increase above the same week in 1940, of 21,108 cars or 2.9%.

Loading of revenue freight for the week of Dec. 5 increased 16,088 cars or 2.2% above the preceding week which included holiday.

Miscellaneous freight loading totaled 366,584 cars, an increase of 9,291 cars above the preceding week, but a decrease of 12,262 cars below the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 89,481 cars, an increase of 7,674 cars above the preceding week, but a decrease of 66,939 cars below the corresponding week in 1941.

Coal loading amounted to 161,500 cars, an increase of 7,937 cars above the preceding week, and an increase of 11,021 cars above the corresponding week in 1941.

Grain and grain products loading totaled 44,277 cars, an increase of 5,199 cars above the preceding week, and an increase of 1,523 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Dec. 5 totaled 30,348 cars, an increase of 4,135 cars above the preceding week, and an increase of 3,605 cars above the corresponding week in 1941.

Livestock loading amounted to 18,316 cars, an increase of 1,183 cars above the preceding week, and an increase of 3,685 cars above the corresponding week in 1941. In the Western Districts alone, loading of livestock for the week of Dec. 5 totaled 13,842 cars, an increase of 397 cars above the preceding week, and an increase of 2,854 cars above the corresponding week in 1941.

Forest products loading totaled 38,990 cars, an increase of 2,569 cars above the preceding week, but a decrease of 2,015 cars below the corresponding week in 1941.

Ore loading amounted to 26,223 cars, a decrease of 18,230 cars below the preceding week, and a decrease of 9,864 cars below the corresponding week in 1941.

Coke loading amounted to 14,250 cars, an increeaes of 465 cars above the preceding week, and an increase of 1,097 cars above the corresponding week in 1941.

All districts reported decreases compared with the corresponding week in 1941, except the Southwestern, but all districts reported increases above the corresponding week in 1940 except the Eastern and Northwestern.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
Five weeks of August	4,350,948	4,463,372	3,717,933
Four weeks of September	3,503,658	3,540,210	3,135,122
Five weeks of October	4.512,046	4,553,007	4,064,273
Four week of November	3,236,051	3,423,038	2,985,626
Week of Dec. 5	759,621	833,375	738,513
Total	40,743,897	40,077,169	34,378,452

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Dec. 5, 1942. During this period only 31 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS

(NUMBER OF CARS—WEEK ENDED DEC. 5)

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	299	631	537	1,172	1,558
Bangor & Aroostock	1,719	1,497	1,332	168	217
Boston & Maine	5,788	8,618	7,979	13,588	13,081
Chicago, Indianapolis & Louisville	1,370	1,586	1,430	1,983	2,562
Central Indiana	20	27	18	47	54
Central Vermont	938	1,363	1,348	2,009	2,688
Delaware & Hudson	5,923	5,513	5,860	10,943	10,821
Delaware, Lackawanna & Western	6,757	8,955	9,161	9,247	8,556
Detroit & Mackinac	385	483	387	132	177
Detroit, Toledo & Ironton	1,456	2,537	2,943	1,233	1,295
Detroit & Toledo Shore Line	283	349	459	3,037	4,526
Erie	10,706	14,315	13,549	15,148	15,883
Grand Trunk Western	3,928	5,897	6,008	7,257	10,320
Lehigh & Hudson River	196	227	151	2,280	2,813
Lehigh & New England	1,724	1,811	1,496	1,684	1,587
Lehigh Valley	7,840	8,221	9,474	12,013	10,119
Maine Central	2,003	3,030	2,917	3,079	2,979
Monongahela	5,877	6,128	3,970	339	404
Montour	2,165	1,746	1,600	17	30
New York Central Lines	42,966	50,277	44,256	50,173	50,293
N. Y., N. H. & Hartford	9,117	12,332	11,214	15,824	15,559
New York, Ontario & Western	819	1,017	1,021	2,222	2,357
New York, Chicago & St. Louis	6,678	6,745	5,348	15,190	14,793
N. Y., Susquehanna & Western	448	565	420	1,753	1,196
Pittsburgh & Lake Erie	7,008	8,751	7,403	7,754	7,977
Pere Marquette	4,792	6,804	6,360	5,879	6,924
Pittsburg & Shawmut	496	510	438	12	36
Pittsburg, Shawmut & North	280	362	387	184	265
Pittsburgh & West Virginia	821	940	648	2,186	2,402
Rutland	327	580	620	824	1,112
Wabash	5,581	6,207	5,749	12,174	10,973
Wheeling & Lake Erie	4,510	4,625	3,782	4,013	4,568
Total	143,220	172,649	158,265	203,564	208,125
Allegheny District—					
Akron, Canton & Youngstown	655	679	577	1,104	1,044
Baltimore & Ohio	35,363	39,300	32,290	24,972	21,606
Bessemer & Lake Erie	5,047	5,571	2,375	1,888	1,725
Buffalo Creek & Gauley	348	303	246	4	2
Cambria & Indiana	1,740	1,884	1,700	7	15
Central R. R. of New Jersey	6,696	7,260	6,839	18,182	15,987
Cornwall	613	567	601	48	47
Cumberland & Pennsylvania	217	346	287	7	32
Ligonier Valley	129	130	147	65	58
Long Island	1,179	813	808	2,903	2,445
Penn-Reading Seashore Lines	1,884	1,666	1,420	2,007	1,699
Pennsylvania System	68,438	83,384	67,977	55,807	51,302
Reading Co.	13,928	15,228	15,927	24,998	24,937
Union (Pittsburgh)	19,832	19,202	19,084	6,338	6,508
Western Maryland	3,669	4,444	3,528	11,009	10,207
Total	159,738	180,777	153,806	149,339	137,614
Pocahontas District—					
Chesapeake & Ohio	26,246	27,615	22,262	11,182	13,294
Norfolk & Western	21,069	23,782	20,454	6,277	6,177
Virginian	4,549	4,623	4,009	2,219	2,252
Total	51,864	56,020	46,725	19,678	21,723
Southern District—					
Alabama, Tennessee & Northern	354	356	286	232	310
Atl. & W. P.—W. R. R. of Ala.	679	879	807	2,715	2,048
Atlanta, Birmingham & Coast	680	796	722	1,472	1,266
Atlantic Coast Line	13,614	11,478	11,781	10,289	7,157
Central of Georgia	3,994	4,411	4,257	4,624	4,625
Charleston & Western Carolina	420	451	414	1,360	1,806
Clinchfield	1,549	1,802	1,395	2,924	2,900
Columbus & Greenville	411	281	294	470	362
Durham & Southern	109	183	179	351	516
Florida East Coast	1,766	952	896	1,518	1,082
Gainesville Midland	50	37	45	94	71
Georgia	1,217	1,564	1,150	2,499	2,404
Georgia & Florida	360	427	325	552	828
Gulf, Mobile & Ohio	4,040	4,311	3,595	4,944	3,675
Illinois Central System	26,205	26,958	24,190	15,577	12,893
Louisville & Nashville	23,328	24,104	23,586	11,029	8,575
Macon, Dublin & Savannah	220	182	144	866	715
Mississippi Central	161	137	146	484	440
Nashville, Chattanooga & St. L.	2,882	3,452	3,360	4,342	3,759
Norfolk Southern	1,083	1,350	1,139	1,443	1,427
Piedmont Northern	372	554	474	1,280	1,599
Richmond, Fred. & Potomac	393	451	374	10,028	6,806
Seaboard Air Line	10,675	11,453	11,092	8,304	7,175
Southern System	21,108	24,897	23,138	23,210	21,70
Tennessee Central	409	577	456	904	744
Winston-Salem Southbound	114	148	147	837	944
Total	116,193	122,191	114,393	112,348	95,834
Northwestern District—					
Chicago & North Western	14,384	18,427	16,115	13,095	13,997
Chicago Great Western	2,330	2,783	2,816	2,937	3,517
Chicago, Milw., St. P. & Pac.	19,237	22,556	21,776	8,994	9,674
Chicago, St. Paul, Minn. & Omaha	3,789	4,475	4,414	3,537	4,777
Duluth, Missabe & Iron Range	6,473	12,625	784	268	31
Duluth, South Shore & Atlantic	523	724	584	570	58
Elgin, Joliet & Eastern	7,652	10,861	9,423	9,975	11,05
Ft. Dodge, Des Moines & South	410	568	444	105	17
Great Northern	13,393	15,620	11,669	5,145	4,198
Green Bay & Western	486	530	552	758	75
Lake Superior & Ishpeming	209	706	229	51	72
Minneapolis & St. Louis	1,924	1,989	1,926	2,033	2,34
Minn., St. Paul & S. S. M.	4,758	6,066	5,384	2,802	3,31
Northern Pacific	10,512	11,813	11,418	4,613	4,097
Spokane International	122	82	131	522	33
Spokane, Portland & Seattle	1,815	2,227	2,157	3,148	2,31
Total	88,017	112,052	89,821	58,553	61,51
Central Western District—					
Atch., Top. & Santa Fe System	22,694	23,745	19,903	11,666	8,487
Alton	2,916	3,322	3,099	4,262	2,81
Bingham & Garfield	603	533	470	114	101
Chicago, Burlington & Quincy	18,657	18,845	18,655	10,297	11,05
Chicago & Illinois Midland	2,490	2,672	2,661	670	97
Chicago, Rock Island & Pacific	11,982	13,038	12,229	11,130	9,31
Chicago & Eastern Illinois	2,378	2,809	2,893	3,299	3,636
Colorado & Southern	1,263	1,183	1,204	1,826	1,77
Denver & Rio Grande Western	5,271	3,890	3,837	5,654	4,107
Denver & Salt Lake	774	682	743	9	1
Fort Worth & Denver City	1,031	1,573	813	1,170	1,28
Illinois Terminal	1,507	2,033	1,763	1,204	1,69
Missouri-Illinois	1,049	1,165	896	391	49
Nevada Northern	2,052	2,023	1,863	114	13
North Western Pacific	994	869	800	583	41
Peoria & Pekin Union	32	22	25	0	
Southern Pacific (Pacific)	29,195	26,717	26,978	12,000	8,14
Toledo, Peoria & Western	272	438	347	1,341	1,75
Union Pacific System	18,060	18,413	17,595	14,273	11,33
Utah	618	513	449	1	
Western Pacific	2,735	2,142	2,060	3,342	2,98
Total	126,573	126,627	119,283	83,346	70,52
Southwestern District—					
Burlington-Rock Island	166	172	160	226	26
Gulf Coast Lines	5,568	4,037	3,267	2,243	2,24
International-Great Northern	3,327	1,845	1,673	2,942	2,49
Kansas, Oklahoma & Gulf	338	314	167	1,185	93
Kansas City Southern	4,560	2,750	2,379	2,554	3,15
Louisiana & Arkansas	3,342	2,718	2,191	2,409	2,08
Litchfield & Madison	304	335	363	944	1,10
Midland Valley	819	670	764	274	23
Missouri & Arkansas	188	210	150	376	49
Missouri-Kansas-Texas Lines	6,172	4,959	4,470	4,961	3,78
Missouri Pacific	17,056	17,467	16,224	17,709	12,43
Quanah Acme & Pacific	104	166	125	210	23
St. Louis-San Francisco	9,388	9,697	8,896	8,225	6,157
St. Louis Southwestern	2,880	3,487	2,965	5,022	3,67
Texas & New Orleans	14,414	8,592	7,798	4,699	4,39
Texas & Pacific	5,279	5,465	4,473	7,586	5,54
Wichita Falls & Southern	91	141	137	30	3
Weatherford M. W. & N. W.	20	34	18	22	3
Total	74,016	63,059	56,220	61,617	49,31

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
1942—Week Ended—					
Sept. 5	129,486	124,580	218,539	78	87
Sept. 12	106,933	101,891	222,636	65	86
Sept. 19	138,477	132,212	228,355	81	86
Sept. 26	129,503	131,173	224,926	78	86
Oct. 3	144,506	133,513	236,208	80	86
Oct. 10	147,437	131,961	248,026	80	86
Oct. 17	152,644	134,197	261,871	79	85
Oct. 24	150,133	136,249	275,139	81	85
Oct. 31	138,423	138,262	272,006	84	85
Nov 7	157,919	138,492	291,780	84	85
Nov. 14	147,815	137,355	301,088	83	85
Nov. 21	146,335	133,188	310,439	83	85
Nov. 28	136,655	124,461	321,885	77	85
Dec 5	150,132	130,761	340,203	82	85

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Algeria Told AEF Aim Is Destruction Of Our 'Common Enemies'

President Roosevelt has informed the Governor General of Algeria, Yves Charles Chatel, that the American Forces in North Africa have only one aim "the destruction of our common enemies, and at the same time the liberation of France."

The message was sent along with similar messages to administrators of other French colonies, but its publication was withheld until Nov. 14 when its receipt was confirmed.

The text of the message follows:

"Your Excellency:

"The undeniable evidence which has come to me of the design of the Axis powers, exponents of brutality, force and aggression, to execute their program of domination and occupation of Algeria requires that you and I co-operate in the defense against the common enemy.

"I have not been oblivious to the able resistance which you have extended to the application to Algeria of the cruel terms of the armistice of June, 1940, and your determination to defend the French Empire, on which the covetous eyes of Germany and Italy are fastened.

"The intention of the Axis to exploit French North Africa, and detach it from France for the profit of the Central Powers undoubtedly is obvious to you.

"Now that the insatiable Axis desire cumulates in an effort to seize French North Africa, I know that you will resist with every means at your disposal this latest manifestation of German and Italian cupidity and baseness.

"Be assured that the powerful American forces, equipped with the deadly instruments of modern warfare, which I am dispatching will support you to the limit of their great resources, to the end that the Axis may be driven from North Africa, and the liberation of France and its empire from despicable tyranny begun. These American forces are determined, like yourself, that liberty and the dignity of man shall not perish from the earth. You know that those American forces have only one aim—which they will achieve—the destruction of our common enemies, and that includes the liberation of France.

"Long live France. Long live the United States of America.

"Your friend.

"FRANKLIN D. ROOSEVELT."

Salary Stabilization Unit Opened In Atlanta

Commissioner of Internal Revenue Guy T. Helvering announces the opening of the Atlanta office of the new Salary Stabilization Unit of the Bureau of Internal Revenue. The Unit will be located in Rooms 717-720, William Oliver Building, Atlanta, Ga. The office will be in charge of Carlos J. Lively, for more than 20 years in the Internal Revenue Service. From the announcement we also quote:

"The territorial jurisdiction of the Atlanta office will cover the States of South Carolina, Georgia, Florida, Alabama, and Tennessee. That office will rule, for and on behalf of the Commissioner of Internal Revenue, on all requests and applications for salary increases and decreases coming within the jurisdiction of the Commissioner as defined in the regulations of the Economic Stabilization Director and approved by the President on Oct. 27, 1942.

"The jurisdiction of the Commissioner covers all salaries over $5,000 per year, and salary payments of less than $5,000 per year in the case of executive, administrative or professional employees not represented by labor organizations."

Items About Banks, Trust Companies

Christmas carols sung by the Clearing House member bank singers and the Insurance Choral Society will be a feature of the annual reception to ladies and tea of the Chamber of Commerce of the State of New York to be held in the Great Hall and dining rooms of the Chamber building at 65 Liberty Street today (Dec. 17).

This is the only occasion of the year on which the chamber, which is strictly a male organization, is open to the opposite sex. Visitors will have an opportunity, under the guidance of members, to view the chamber's notable collection of portraits and the library in which are rare manuscripts, records and prints associated with the early history of New York. Following the reception, which will be at 4:30 p.m., a chorus of 40 mixed voices led by Loris Hand and Jacob Ehm will be heard in a program of Christmas music. The carols will be broadcast by WNYC from 5:30 to 6 p.m.

Dr. Herman L. Reis, President of the West Side Federal Savings and Loan Association, has been elected a director of the Federal Home Loan Bank of New York for a term of two years beginning on Jan. 1, next. Dr. Reis also is President of the Metropolitan League of Savings and Loan Associations of New York.

The directors of the Chemical Bank & Trust Company of New York approved on Dec. 10 the transfer of $5,000,000 from undivided profits account to surplus account. The bank states that its capital structure now consists of $20,000,000 capital stock, $55,000,000 surplus and $5,208,789 undivided profits, making a total of $80,208,789. This is the third increase in the last six years by transfer from undivided profits to surplus, $5,000,000 increases having been made on Dec. 24, 1936 and Dec. 15, 1938.

The board declared the regular quarterly dividend of 45 cents a share on the bank's capital stock, payable Jan. 2, 1943, to stock of record Dec. 15, 1942.

Dr. Harry Stanley Rogers, President of Polytechnic Institute of Brooklyn, has become a member of the Advisory Board of the Brooklyn office of the Chemical Bank & Trust Co., New York City. Dr. Rogers is a director of the Brooklyn Savings Bank, Intertype Corporation, Long Island College of Medicine, Brooklyn Hospital, Downtown Brooklyn Association, Brooklyn Chamber of Commerce, New York Adult Education Council and Brooklyn Chapter of the American Red Cross.

Dr. Rogers was born in Detroit, Mich., and graduated from the University of Wyoming with a Bachelor of Science degree and subsequently a degree in Civil Engineering. He has received the degrees of Doctor of Science from Northeastern University and Doctor of Laws from his Alma Mater. He is a member of the American Society of Civil Engineers, American Institute of Consulting Engineers, Society for the Promotion of Engineering Education, Newcomen Society of England, New York Chamber of Commerce, and other organizations.

At the regular meeting of the Board of Directors of The National City Bank of New York, held Dec. 8, the following appointments were made: William A. Creelman, Vice-President; A. Halsey Cook, John Howard Laeri, and Saxon C. Barnes, Assistant Vice-Presidents; Edson L. Booth, E. Newton Cutler, Jr., and John E. Thilly, Assistant Cashiers; and Neil J. Stevenson, Manager of the Chelsea Branch.

At a meeting of the Executive Committee of the City Bank Farmers Trust Company of New York held on Dec. 9, Myron M. Zizzamia was appointed an Assistant Secretary.

At a meeting of the Board of the J. Henry Schroder Banking Corporation on Dec. 14, Harold A. Sutphen, Vice-President, was elected a director, Mr. Sutphen has been with the corporation since 1923 or soon after its formation and is also a Vice-President and director of the Schroder Trust Company.

The Seamen's Bank for Savings in the City of New York at 74 Wall Street has filed application with the State Banking Department for permission to open a branch office at 20 East 45th Street, New York City.

At the December meeting of the Board of Trustees of The Bank for Savings in the City of New York, O'Donnell Iselin was elected a trustee. Mr. Iselin is a director of the Fulton Trust Company and of various railroad, mining and mercantile companies.

According to cable advices received by the New York Agent of Barclays Bank (Dominion, Colonial and Overseas) at 120 Broadway, New York City, the Board of Directors has recommended final dividends of 4% actual on the cumulative preference stock and 3½% actual on the "A" stock and "B" shares, thus making a total distribution for the financial year ending Sept. 30, 1942 of 8% per annum on the preference stock and 6½% per annum on the "A" stock and "B" shares, subject to deduction of Britist income tax in each case, adjusted in relation to taxes payable in the British territories overseas where the bank operates. The dividends now declared are the same as for the year 1941 and are payable Dec. 28. Barclays Bank (Dominion, Colonial and Overseas) operates in South, East and West Africa, Egypt and The Sudan, Palestine, the Mediterranean and the British West Indies.

At a meeting of the Board of Trustees of Union Square Savings Bank of New York, recently held, Henry J. Schuler, Vice-President of The Bank of New York, and J. A. Bogardus, Vice-President and Trustee of the Atlantic Mutual Insurance Co. were elected trustees of the bank.

Charles Oldenbuttel has been elected a Trustee of the Roosevelt Savings Bank, Brooklyn, N. Y., according to Adam Schneider Jr., President. Mr. Oldenbuttel is Vice-President and Trust Officer of the Peoples National Bank of Brooklyn and is a Vice-President of the Kings County Bankers Association.

The Ossining Trust Co., Ossining, N. Y., has received authorization from the State Banking Department to decrease its capital stock from $200,000, consisting of 2,000 shares of common stock of the par value of $100 each, to $175,000, consisting of (1) $75,000 par value of preferred stock, divided into 4,000 shares of the par value of $18.75 each; and (2) $100,000 par value of common stock, divided into 2,000 shares of the par value of $50 each.

The election of Charles H. Diefendorf as President of the Marine Trust Co., Buffalo, N. Y., and as President and chief executive officer of the Marine Midland Corp. was recently announced. Mr. Diefendorf, who was formerly Executive Vice-President of the trust company, succeeds the late George F. Rand. Mr. Diefendorf has also been elected a director and member of the Executive Committee of the Marine Midland Trust Co., New York City, member of the Marine Midland group. Also elected to the board of the latter institution was Lieut. Commander Paul H. Husted, U.S.N.R.

The death of Mr. Rand was reported in these columns Nov. 26, page 1904.

A liquidating dividend totaling $171,000 is announced by the Bay State National Bank of Lawrence, Mass. The dividend, the 7th to be made, will be 5% of the face amount of the participation certificates outstanding and brings total distribution to 80% of original deposits in both commercial and savings departments.

Assets of the closed Bankers Trust Co. of Atlantic City, N. J., showing a book value of $599,528, were sold in public auction at Atlantic City on Dec. 8 for $25,000 to agents of the Federal Deposit Insurance Corp. The assets consisted of loans and discounts, judgments, bonds, mortgages, stocks and furniture and fixtures of the bank building. The bank closed Feb. 29, 1940, and has since been under liquidation proceedings.

Closing of the bank was noted in our issue of March 16, 1940, page 1704.

The Board of Directors of the Philadelphia National Bank, Philadelphia, have elected J. William Hardt, Vice-President of the bank, as a director to fill the vacancy caused by the death of Joseph Wayne Jr. Mr. Hardt has been prominently identified with Philadelphia banking since 1908.

Paul Thompson, former Chairman of the Board and former President of the Corn Exchange National Bank & Trust Co., Philadelphia, died on Dec. 13 at his home in Haverford at the age of 77.

Mr. Thompson was also a former utilities executive, having served at one time as President of the Philadelphia Gas Works Co., a subsidiary of the United Gas Improvement Co., and Vice-President of the latter. He resigned both posts in 1929.

A native of Philadelphia, Mr. Thompson was graduated in 1885 from the University of Pennsylvania. He began his career in the employ of the Pennsylvania Railroad Co. and in 1898 became associated with the United Gas Improvement Co., The Philadelphia "Inquirer" states. In 31 years of service, Mr. Thompson rose to be a Vice-President of U. G. I. and President of the Philadelphia Gas Works. He resigned these posts in 1929 to become associated with the Corn Exchange Bank, of which he had been a director since 1912. He was elected President of the bank in June, 1932, holding that post until January, 1941, when he was chosen Chairman of the Board, a newly created position. He retired several months later, but retained a directorship of the bank up to the time of his death.

Marshall R. Barbour, President and a Director of the Pittsburgh Stock Exchange and head of the brokerage firm of John B. Barbour & Co., died on Dec. 5 in a Pittsburgh hospital. He was 51 years old. Mr. Barbour was elected a director of the Pittsburgh Stock Exchange in 1929, succeeding his father, the late John B. Barbour, founder of the exchange. In that same year he become head of his father's brokerage firm, with which he had been associated since 1915, except for a year's service with the U. S. Army in France in 1917.

Rudolf A. Malm, civic leader and Vice-President of the Cleveland Trust Co., died on Dec. 10 at his home in Cleveland Heights. From the Cleveland "Plain Dealer" of Dec. 11 we quote:

"A prominent banking figure, Mr. Malm started his career with the company 40 years ago as a messenger. His life history became a real success story as he went up the ladder—telephone operator, clearance clerk, commercial bookkeeper, coupon clerk, stock transfer clerk. He was made Assistant Trust Officer in 1914 and was elected to the Vice-Presidency in 1922.

"A native of Titusville, Pa., Mr. Malm spent most of his life in Cleveland.

"He was director of several corporations and was Treasurer of Fairmount Presbyterian Church. In 1908 he was acting Swedish Vice Consul, and from 1926 to 1930 he was President of the Cleveland Heights Board of Education."

Mr. Malm was 60 years of age.

Banks Carrying On War Activity Program

One year after Pearl Harbor, New York State's commercial banks are carrying on an unprecedented war activity program despite acute shortages of manpower and machines, it was revealed on Dec. 8, by a statewide war effort survey of banks, compiled by the New York State Bankers' Association. The association reports that:

"Figures based on reports from 557 of 718 commercial banks in the State indicated that, while these banks have lost 10,180 employees or 33% of their total prewar personnel to the armed services, the Government, and war industries since Dec. 7, 1941, they are, nevertheless, dedicating 200,000 man hours a month to War Bond sales, volunteer defense work, and war financing activities. Actually in the uniformed services are 3,063 New York State male banking employees and 18 women.

"A significant change in the bank personnel of the State is the number of women employed by banks since Pearl Harbor. There are now 147 women officers and 14,741 women employees in the State's banks as compared to 3,475 male officers and 15,741 male employees. A year ago there were 135 women officers and only 10,082 women employees as compared to 3,516 male officers and 19,470 male employees. Special training programs for the 'girl bankers' are being carried on in most of the banks."

Commenting on the results of the survey, John P. Myers of Plattsburg, N. Y., President of the New York State Bankers' Association, said:

"Bank customers will, no doubt, find that the extraordinary requirements of war-time banking may have the effect of curtailing some of the services they have grown used to, but I am sure that once the people realize the extent of banking's work in helping raise the billions that must be borrowed to pay for the war as well as the time they must spend in helping business meet wartime conditions and comply with Government regulations, they will forgive some inconveniences if they arise in certain areas.

"In the face of personnel and equipment shortages, diminishing opportunities for earning, and ever-increasing responsibilities, our banks have cheerfully accepted and faithfully performed all of the added duties the war has created for them. Together, unceasingly, on every sector of the financial front, their total resources of manpower and money are marshalled as they advance shoulder to shoulder with our armed forces and our industries in the prosecution of total, relentless war.

"But even in time of total war, life must go on. The economy must function. The banks are helping to finance agriculture. They are making loans to essential war industries. They are helping the public to understand the dangers of inflation. They are devoting hours to the study of regulations evolved to speed the prosecution of the war, both for their own guidance and the guidance of others. While carrying on these and countless other extra wartime services they have managed to replace and train nearly 11,000 workers lost to the armed forces and war industry."

The announcement, also, points out that:

"The commercial banks of New York State, on the basis of the 557 questionnaire replies received, have established a national record in War Bond and Stamp sales by disposing of 5,008,475 separate pieces representing $1,550,000,000 in maturity values. Bond and stamp sale activities, the survey indicates, require the full-time services of 709 workers and the part-time services of 2,231 others, for an average total of 181,870 work hours per month."

N. Y. Savings Banks Show Further Gains

For the sixth successive month the savings banks of New York State show a gain in new savings accounts, and for the fourth successive month, a gain in dollar deposits, according to a report issued Dec. 11 by the Savings Banks Association of the State of New York. It is indicated that during November there was a net gain in savings accounts of 9,759 and in dollar deposits of $31,883,074, bringing the total gain in new accounts for the last six months to 37,784, and the increase in dollar deposits for the same period to $73,267,267. The Association's report added:

"The total number of savings accounts as of Nov. 30 was 5,999,924, as compared with 6,069,699 a year ago, while total deposits amounted to $5,492,175,459, against $5,541,341,589 on Nov. 30, 1941.

"During November, also, the New York State savings banks sold $17,981,866 of War Savings Bonds, bringing the total for the six months period to $127,077,031 and the total since the campaign began a year and a half ago, to approximately $400,000,000.

"Thus, combining the increase in savings deposits with War Bond sales, New York State Savings banks show an increase in new savings of $200,344,298 during the last six months.

"The savings banks, themselves, with their agencies, have subscribed to over $200,000,000 in Victory Fund issues, thus far in December."

Accord On French Lands In Western Hemisphere

Secretary of State Hull revealed on Nov. 23 that an agreement had been reached concerning the French territories in the Western Hemisphere, which is likely to make unnecessary American occupation of Martinique and other islands.

While not disclosing any details of the pact, Secretary Hull said that its main purpose is to insure American security and the secondary purpose is to improve the economic security of the people of the French possessions, including French Guiana.

Mr. Hull said that, in effect, the accord represents an extension of the agreements of 1940 and 1941, with important additions and modifications.

The new arrangements with the French islands were negotiated by Rear Admiral John Hoover, commander of the Caribbean Sea frontier, and Samuel Reber, Assistant Chief of the State Department's European Division, in conversations with Admiral Georges Robert, French High Commissioner at Martinique, who is understood to have acted entirely independent of the Vichy Government. The 1941 agreement was referred to in these columns June 14, 1941, page 3727.